CORPORATE PLAN SUMMARY

2015

Everyone.
Every way.

SEPTEMBER 2011

YOURS TO CELEBRATE

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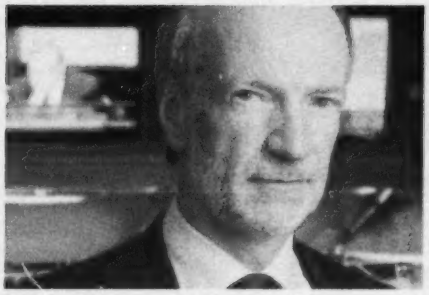
Disclaimer to readers

CBC/Radio-Canada is required by the Broadcasting Act to submit to the Minister of Canadian Heritage its Corporate Plan 60 days before the end of its fiscal year. This Summary reflects the information provided to the Minister and updates preliminary data with confirmed numbers for the 2010-2011 fiscal years.

1. Message from the President and CEO



This was truly a crucial year for CBC/Radio-Canada.

First off, let me state that we expect to successfully complete our two-year financial Recovery Plan, resulting in a balanced budget for 2010-2011. The Recovery Plan, which included major staff cuts and reductions across all our services, was made necessary by a budget shortfall of $171 million in 2009-2010 largely caused by two factors: the sudden decline in television advertising revenues for all conventional broadcasters at the start of the worldwide economic slowdown, and rising programming costs. The Recovery Plan allowed us to bounce back from challenging times and helped us strengthen our short-term financial situation. It succeeded because of the commitment, ingenuity and hard work of our people.

Despite our financial challenges, our programming maintained its momentum across both English and French Services. Canadians are choosing to watch and listen to us in record numbers, despite having virtually unlimited choices available to them.

In the 2009-2010 broadcast year, CBC Television's prime time share was its highest in five years. And Télévision de Radio-Canada continued to attract almost 20 per cent of all viewing by Francophones in prime time, despite ever-increasing competition from reality shows and a plethora of specialty channels. During our Fall 2010 launches on both networks, a total of 12 programs each drew more than one million viewers.

Ratings for our radio networks are at historic highs, despite an overall decline in conventional radio listening among Canadians. Our new media services are also performing strongly. Our Internet sites are drawing more than seven million visitors a month, making these sites among Canada's most popular, and every week Canadians are downloading more than one million of our podcasts. CBC/Radio-Canada's *YouTube* channel has registered twenty million hits.

As part of its multi-platform strategy, CBC/Radio-Canada was also instrumental in bringing satellite radio to Canada to ensure that our radio services would find a home on this new platform. Since then we have held a significant position in Sirius Canada Inc., the leading Canadian satellite radio company in Canada. On November 24, 2010, a merger of Sirius Canada Inc. and Canadian Satellite Radio Holdings Inc. (XM Canada) was announced. This transaction received to regulatory and Government approval in June 2011.

Mapping an Exciting Future: *Everyone, Every way*

We spent most of 2010 developing a new five-year strategic plan, which we call *Everyone, Every way*, that redefines our relationship with Canadians and how we serve them.

Everyone, Every way stakes the claim that although CBC/Radio-Canada cannot do everything, we can offer something meaningful to every Canadian. Whether it is connecting them to their country, to their communities, or to each other as people with their own realities and interests, we will be there – for *everyone*, in *every way*.

The broadcasting landscape is changing rapidly through demographic shifts, fewer and more powerful media empires, new technologies, platforms and social networks, more content choices and changes in how people interact with each other. We are in the middle of that change, and we're changing too. Five years ago, five of the services (Espace jazz, Espace monde, Espace classique, TOU.TV and Sports extra) through which we reach Canadians did not exist. Our challenges are many, and they are fascinating. In them, we see opportunity. We

see the chance to evolve, building on a strong foundation to better deliver on our mandate – articulated twenty years ago in the *Broadcasting Act* – in the world Canadians will experience tomorrow.

Everyone, Every way is our roadmap to that future. It's where we need to be and what we need to do to succeed in serving Canadians over the next five years. In it, we commit to deepen our relationship with, and to engage with, Canadians in new ways and to provide a publicly-owned, publicly-minded space where Canadians can meet and exchange with each other. It's our promise to this country and to its people, and it's the measure by which we want to be judged. This is our vision for Canada's national public broadcaster.

Our vision is ambitious: To be the recognized leader in expressing Canadian culture and in enriching the democratic life of all Canadians. We will achieve this by creating and delivering original and innovative, high-quality Canadian content; by reflecting and drawing together all Canadians; by actively engaging with audiences; and, by being cost effective and accountable.

Our mandate from Parliament has not changed, but how we deliver our services to Canadians is changing. To be a cultural leader and an effective public broadcaster now and into the future, we need to be more *national*, more *regional* and more *digital*. For this reason, the strategic priorities of *Everyone, Every way* are:

- Network programming and national public spaces
- Regional presence and community spaces
- New platforms and digital spaces

Canadians will experience a renewed CBC/Radio-Canada in national spaces in which the Canadian experience is shared; in regional spaces that knit communities together; and in digital spaces where Canadians as individuals can pursue their personal interests and engage in the public debate.

Network programming and national public spaces

Fulfilling our aspiration means being the home of high-quality content that expresses and enriches the Canadian experience from coast to coast to coast. It means telling and sharing stories by, for and about Canadians, stories that showcase not only the marvels of Canadian diversity, but also the values and ties that bind.

Over the next five years, we will continue to produce programming that plays a part in shaping a shared national identity. We will complete the renewal of our news in both English and French Services. We will offer more original, innovative and entertaining homegrown stories. Our prime times on all services will be overwhelmingly Canadian. We will bring greater diversity of voices to our airwaves and reflect more of the country's diversity in the stories we tell. And we will produce and air at least ten *Signature Events* per year on both our English and French networks – programs, events and initiatives of cultural consequence that bring Canadians together in large numbers, and that leave their mark.

Regional presence and community spaces

Canadians have told us time and again that the regions rank among our foremost priorities in their minds, but that they don't feel we live up to our potential. For various reasons, we haven't always been everywhere we needed to be, or able to do everything we needed to do. We will reverse that trend and bridge that perception gap by strengthening our presence in the regions.

Over the next five years, we will become – primarily through our multi-media services – a leader in all the markets we serve. We will address gaps in coverage by expanding service in select underserved markets. We will adjust across markets with new delivery models. We will expand regional programming genres beyond news to better reflect local communities. And we will pursue new partnerships to enhance both our reach and our impact. While execution will vary by market and between English and French Services, the strategy commits us to launching new stations (primarily radio), and expanding others. We will not exit locations but in some, we may change how we deliver our services. We will introduce new local websites and services, new formats on radio, and extend regional news on television to seven days a week.

New platforms and digital spaces

New digital platforms, including social networks, have made tremendous inroads over the last decade, transforming the media environment. They allow Canadians to personalize their experience. And they allow CBC/Radio-Canada to reach and engage with Canadians in new ways, encouraging interaction and co-creation. In this way, we now offer more than content. We offer digital spaces.

Over the next five years, we will extend our leadership in creating and nurturing these Canadian digital spaces. We will strengthen the competitive position of our existing multi-platform offering. We will judiciously expand our specialty channel offering. We will build a full multi-platform suite of branded Canadian destinations. We will experiment with new platforms and new ways of doing things to better engage with Canadians and allow them to personalize their experience of our content. We will aggressively pursue new partnerships. And, most significantly, we will almost double our current level of digital investment to at least five per cent of our programming budget by 2015.

Making it happen

Our people are the foundation of our success. *Everyone, Every way* includes initiatives to ensure our work environment will foster creativity and a culture of excellence. We will build on our pride and passion for all that we do to serve Canadians everyday. We will modernize our production methods, make better use of new and emerging technologies, and enhance training and development of our people.

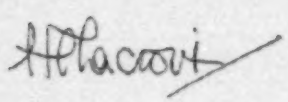
Over the next five years, we will become more financially flexible and agile to fund the core elements that will translate *Everyone, Every way* into action. We will make this happen through innovative disruption – introducing new ways and ideas in places where the old ones simply don't or won't work anymore.

We will optimize our investments in infrastructure and platforms so that we can maximize our investment in content. We will modernize our production methods. We will pursue revenue growth initiatives, cost improvements, resource redirections, and we will pore over our existing assets to extract as much value as we can. We will have to adjust our size to accommodate the ways in which we deliver our services. We will embrace "innovative disruption".

Let's embrace the future

It is fitting that our new strategy, Everyone, Every way, will be launched in the very year that marks the 75th anniversary of Canada's national public broadcaster. CBC/Radio-Canada is planning on celebrating this important milestone with special and multiplatform programming as well as in-house and outside activities designed to bring Canadians and all CBC/Radio-Canada employees together. These activities will highlight CBC/Radio-Canada's presence in the lives of Canadians, engage Canadians in dialogue, and encourage reflection on the importance and value of public broadcasting.

The celebration of our 75th anniversary will underline what Canadians can expect from us over the next five years. They can expect a public broadcaster that is more nimble, distinctive, regional, and interactive than it is today. Canadians will come to recognize us as the leader in expressing culture and enriching democratic life on their behalf – where, when and how they choose. And they will come to know us as a better listener and partner as well as a broadcaster. We will seek to serve Canadians, *everyone*, and to serve them in *every way*. This is our commitment.



Hubert T. Lacroix

President and CEO

2. Our Services

ENGLISH SERVICES

radio one	CBC Radio One (news, current affairs, arts, and culture via radio and Sirius Satellite Radio Channel 137)
radio2	CBC Radio 2 (classical, jazz and popular music via radio and four online channels: Classical, Jazz, Canadian Songwriters, Canadian Composers)
radio3	CBC Radio 3 (emerging Canadian music via the Internet, podcast ans Sirius Satellite Radio Channel 86)
cbc	CBC Television (news, information, sports, and entertainment)
cbcnews	CBC News Network (continuous news and information via television)
bold	bold (drama, comedy, performing arts, and sports coverage)
documentary	documentary (Canadian and international documentaries, films and series)
cbc.ca	CBC.ca (news, information, streaming video and audio, sports highlights, Web features, and multimedia archives)

FRENCH SERVICES

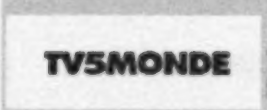
RADIO PREMIÈRE CHAÎNE	Première Chaîne (information and cultural programming via radio)
ESPACE MUSIQUE	Espace musique (classical, jazz, vocal, world, and emerging music via radio)
BANDE À PART	Bande à part (popular and alternative French-language music via Espace musique, the internet, podcast, and Sirius Satellite Radio Channel 87)
ESPACE classique	Espace classique (customised classical music via the Internet)
ESPACE jazz	Espace jazz (customised jazz via the Internet)
ESPACE monde	Espace monde (customised world music via the Internet)
PREMIÈREplus	Première plus (news, current affairs and culture, in partnership with Radio Canada International and Radio France International, via Sirius Satellite Radio Channel 94)
Sportsextra	Sports extra (news, information, streaming video and audio, sports highlights, Web features, and multimedia archives)

Télévision de Radio-Canada (news, current affairs, drama, culture, variety, sports, and programming for children and youth)

Réseau de l'information de Radio-Canada (RDI) (continuous news, information and current affairs via television)

TOU.TV (on-demand Web television, created by Radio-Canada, featuring programming from 20 national and international producers and broadcasters)

ARTV (arts and culture)



TV5MONDE (programming featuring diverse cultures and perspectives, from 10 broadcast partners, including Radio-Canada)

Radio-Canada.ca (news, information, streaming video and audio, and Web features)

COMBINED SERVICES

Radio Canada International (Canadian information and culture in seven languages via the Internet, digital and analogue shortwave, satellite, and partner stations worldwide)

RCI plus (programming in seven languages from Radio Canada International and national and international partners via Sirius Satellite Radio Channel 95)

CBC North (linking Canada's northern communities via radio and television, in English, French and eight Aboriginal languages)

CBC News Express/RDI Express (bilingual news and information service in five large Canadian airports, serving over 62 million travelers annually)

CBC Mobile Productions/ Les Productions mobiles deRadio-Canada (services for inhouse production, and generating programming revenue by selling to the third party market)

CBC Shop/Boutique Radio-Canada (on-site and online shop selling CBC | Radio-Canada audio and audio/visual recordings ofprograms, as well as related merchandise)

Mobile Services/Services mobiles (programming for mobile and iPhone sites, SMS alertingservices, including CBC News Network and RDI as live streams and on-demand videos)

CBC Records/Les disques SRC (label recording Canadian musicians and releasing about eight annually)

3. Our Operating Environment: Current Performance and the Planning Context

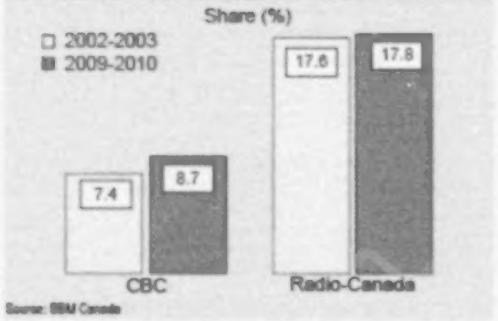
Current Performance: Ongoing Success With Audiences

We have achieved remarkable successes with our audiences, despite financial pressures and the proliferation of choices that allow Canadians to access content whenever and wherever they want.

Television

While the shares of other conventional broadcasters in North America have been declining in recent years, CBC Television's audience share has grown. In the 2009-2010 broadcast year, CBC Television's prime time share of 8.7 per cent was its highest in five years. And Télévision de Radio-Canada continues to attract almost 20 per cent of all viewing by Francophones in prime time, with a share of 17.8 per cent, despite ever-increasing competition from reality shows and a plethora of specialty channels.

PERFORMANCE OF OUR ENGLISH AND FRENCH TELEVISION NETWORKS IN PRIME TIME

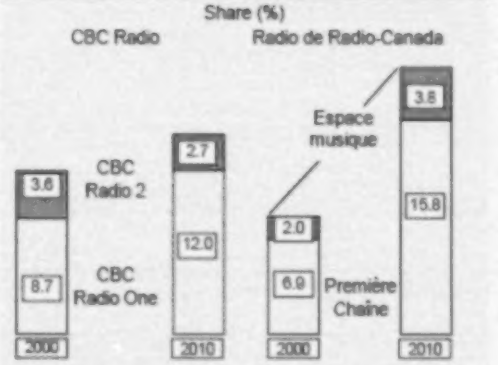


Source: BBM Canada

Radio

Despite an overall decline in radio listening among Canadians, CBC/Radio-Canada's English- and French-language radio services have attained record audience shares in recent years. The Fall 2010 share of 12.0 per cent for CBC Radio One, English Radio's main news and information service, surpassed its highest-ever share, achieved the previous year, by almost one full share point. Radio One's local weekday morning shows ranked in the top three in all 17 of the markets measured by BBM's Fall 2010 Diary survey. Radio 2's share of 2.7 per cent in Fall 2010 was unchanged from one year ago, but is down from the 3.6 per cent share it earned in Fall 2000.

PERFORMANCE OF OUR ENGLISH AND FRENCH RADIO NETWORKS



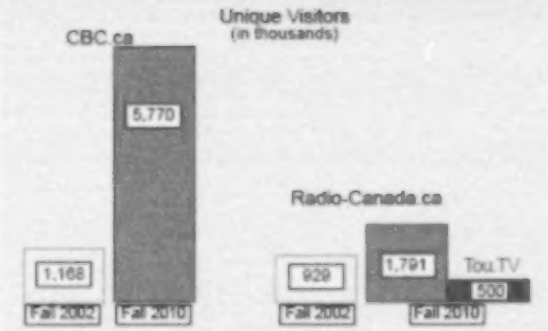
Source: BBM Canada

Our French-language radio services reached almost one in five Francophones (19 per cent) each week and captured almost one-fifth of all radio listening by Francophones in Canada (19.5 per cent). Première Chaîne's share of 15.8 per cent this Fall was 1.1 share points higher than a year ago and only 0.1 of a share point off its highest share ever.

Online

CBC/Radio-Canada's websites are among Canada's most popular news and information websites. In Fall 2010, 5.8 million Canadians visited *CBC.ca*, while almost 1.8 million visited *Radio-Canada.ca* and 500,000 visited TOU.TV, Radio-Canada's new website featuring French programming from ten broadcast partners. TOU.TV was awarded the Boomerang grand prix as the best Internet site of 2010.

PERFORMANCE OF CBC.CA AND RADIO-CANADA.CA



Source: comScore Media Metrix

What Does The Public Think of Us?

Despite the proliferation of media choices, Canada's national public broadcaster retains a high level of support among the Canadian public. Since 2001, CBC/Radio-Canada has conducted an annual public opinion survey among a large, representative sample of Canadians.

The results of this survey show that Anglophone and Francophone Canadians have a very positive perception of our radio and television services, and that this has strengthened over time.

CORPORATE PERFORMANCE INDICATORS CBC|RADIO-CANADA SERVICES

Percentage Agreeing* (Canadians 18+)

	2001	2009	2010
Essential	95	97	98
Satisfaction	86	88	89
Distinctiveness	80	89	92
Comprehensive	92	94	95
News Credibility	93	95	96

* Proportion of the total population who either "strongly" or "somewhat" agrees with the performance measures.

Source: MTM 2001 and 2009, Omnibus Survey 2010

The Planning Context: The Need for a Longer Term View

The sudden and dramatic downturn of the Canadian economy in 2008-2009 as well as the uncertain environment in which we operate convinced us that we needed to develop a strategic plan based on a longer planning horizon – the end of our 2015-2016 fiscal year. Our first step was to gain a clear understanding of the environment in which we operate and how that environment is likely to evolve over the next five years.

Our analysis attempted to answer four questions:

1. How will Canadians consume audio and video content over the next five years?
2. Where will the funding for our new strategic plan come from?
3. Who will be our main competitors in 2015?
4. How will the regulatory environment evolve over the next five years?

The answers to these questions are presented below.

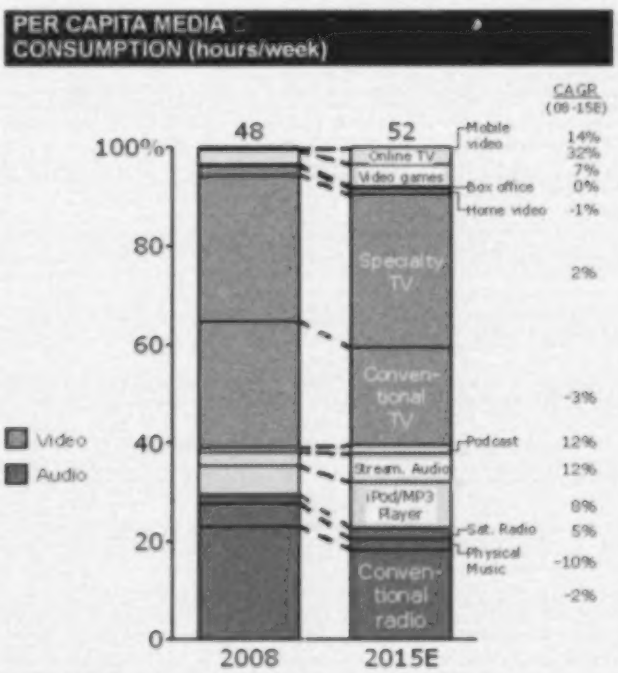
1. How will Canadians consume audio and video content over the next five years?

As Canadians adopt emerging platforms and technologies over the next five years, their overall consumption of media is expected to increase from 48 hours to 52 hours a week. TV viewing will continue to remain the most important way in which Canadians consume media through to 2015. However, the shift in viewing to specialty channels will continue to reduce and fragment the audience to conventional TV broadcasters. Specialty channels now account for almost 58 per cent of all viewing to English television in Canada and almost 43 per cent of all viewing by Francophones.

Consumption of video will continue to shift gradually to on-demand digital platforms, with certain genres more affected than others. News is most likely to make the shift quickly, while it is likely to occur more gradually for drama/comedy.

Canadians will spend less time with traditional radio over the next five years, with a decline of as much as two hours a week, as more people get their music from the Internet, iPods, MP3 devices, satellite radio and mobile phones, all of which let them choose what they want, and when and where they listen.

Still, although radio's overall audience will decline, Canadians will continue to spend at least ten hours a week listening to traditional radio stations.[1]



Hash shading indicates online reliance for delivery
Source: BBM Canada, comScore and Bain

[1] According to the Bureau of Broadcast Measurement's (BBM) people meter measurement system, which is the currency for Canada's radio industry, Canadians spend about twelve hours a week listening to radio. This is 5 to 6 hours less than the usage reported by BBM's diary measurement system.

Television and radio will continue to meet the media needs of most Canadians through to 2015, but, as CBC/Radio-Canada's Media Technology Monitor (MTM) has shown, many younger Canadians, particularly those under 25, have thoroughly embraced the on-demand world. However, they haven't abandoned traditional media; rather, they have adopted new technologies and platforms to complement their consumption of television and radio.

2. Where will the funding for our new strategic plan come from?

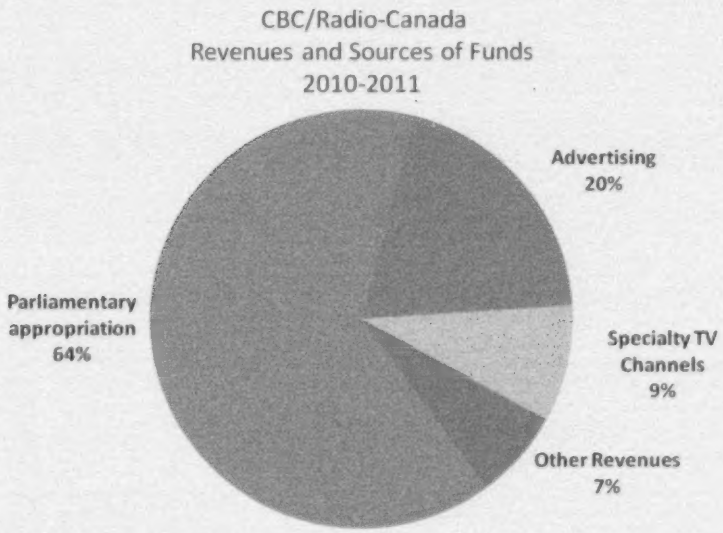
CBC/Radio-Canada relies on four sources of direct funding:

1. *The annual appropriation of funds from Parliament*
2. *Advertising revenues*
3. *Subscription revenues*
4. *Other revenues*

As the rest of this section demonstrates, these sources cannot be expected to generate the additional funds required to implement *Everyone, Every way*. For this reason, the Plan includes a range of cost-cutting and revenue-generating initiatives. We will also conduct another capital asset review with the goal of managing pressures on the capital budget.

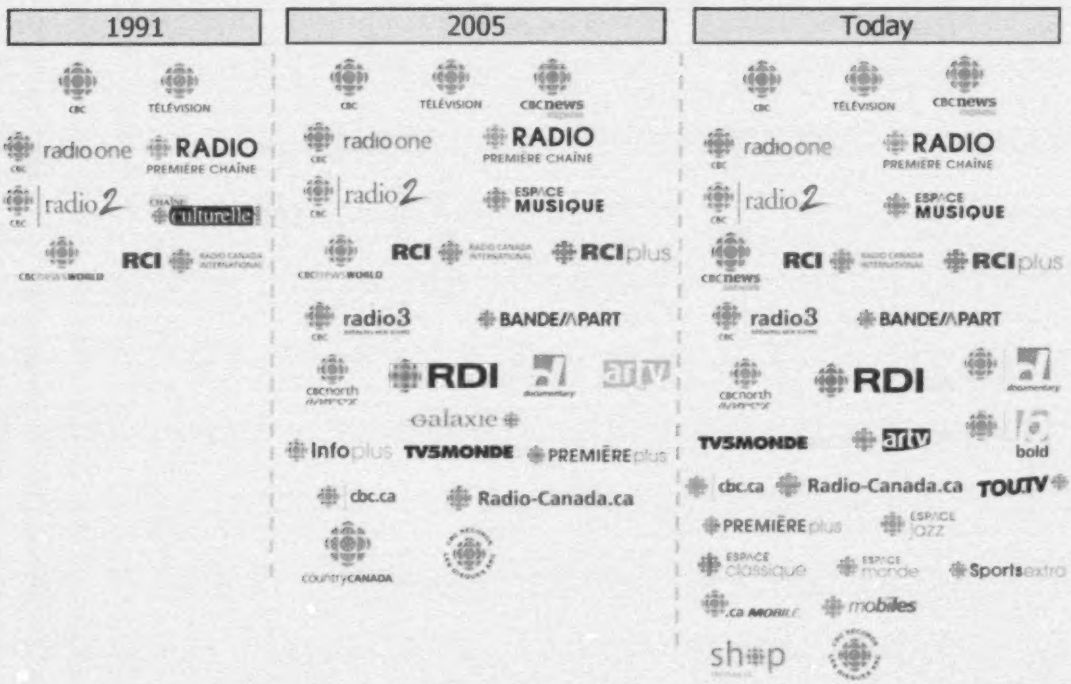
1. Parliamentary Appropriation – The Need for Multi-year Funding

CBC/Radio-Canada's total Parliamentary appropriation for 2010–2011 was $1.16 billion. This included an amount of $60 million in one-time additional funding for programming that we have received in each of the nine previous years. The Government has not committed to this additional funding beyond March 31, 2012.



Source: CBC/Radio-Canada Annual Report

Our funding has not kept pace with consumer inflation over the last twenty years (thereby creating a notional $400 million shortfall in real dollar terms). Yet through the efficient management of resources and self-generation of revenues, CBC/Radio-Canada has significantly expanded its services. Canadians now have access to our content, when, how and where they want it across a wide range of platforms. At the same time, we have increased the amount of Canadian content in our television schedules in prime time, which is when most Canadians watch television.



Everyone, Every way was developed on the assumption that CBC/Radio-Canada will have stable funding within the planning period. This is necessary if we are to plan our programming and operations with a reasonable degree of confidence. Other public broadcasters around the world receive multi-year funding, including the BBC (10 years), the Australian Broadcasting Corporation (3 years) and France Télévisions (up to 5 years).

2. Advertising: A Vital, But Threatened Revenue Source

Advertising is a vital source of revenue for CBC/Radio-Canada, accounting for 20 per cent of our annual budget. As a result of increased audiences and the fragile recovery of the economy, our conventional television and digital advertising revenues were $368 million in 2010-2011.

However, as competition from specialty channels and other platforms increases, advertising revenues for conventional television will continue to be under pressure. According to Price Waterhouse Coopers (PwC), advertising generated by specialty services will grow at twice the rate of conventional broadcasters between 2010 and 2014 (4.8 per cent versus 2.4 per cent). We believe that the advertising revenue generated by

our conventional TV services will exceed the Price Waterhouse Coopers forecast rate by 0.4 per cent as a result of increased audiences, improved go-to-market strategies and an increased emphasis on customer focus. We are also expecting that advertising revenues from our online properties will almost double by 2015-2016, as the use of new platforms grows.

3. Specialty Service Revenue

CBC/Radio-Canada generates subscription and advertising revenues from its specialty services, CBC News Network, **bold** and Réseau de l'information de Radio-Canada (RDI). In 2010–2011, these revenues totaled $153 million, $4.3 million more than in 2009-2010. Subscription revenues, unlike advertising revenues, are relatively steady and were not adversely affected by the economic downturn.

4. Other Revenues: Fundamental to Our Programming Strategy

CBC/Radio-Canada continually looks for ways to leverage our assets to generate revenue that can be reinvested in programming. Self-generated revenues come from across the Corporation. For example, the media generate revenue through program sales, facilities rentals, and CBC News/RDI Express, our news and information services available in large Canadian airports. Other revenues are generated from the sale and the rental of real estate assets, merchandising, building and parking fees, leasing space on our transmission sites and rent charged to external clients who use our studios and mobile facilities.

CBC/Radio-Canada's self-generated revenues totaled $129.3 million in 2010-2011. This is a significant drop from previous years because it no longer includes revenues from Galaxie or, lease payments from third parties further to the sale in 2003 of land around the Toronto Broadcast Centre. These receivables were sold in 2009 as part of our Recovery Plan to generate enough cash to meet our liabilities and balance our 2009-2010 budget as at March 31, 2010.

With the creation of the Local Programming Improvement Fund (LPIF), CBC/Radio-Canada along with Canada's private conventional television broadcasters, gained access to an additional source of funds. The LPIF was created by the CRTC to improve the quality and quantity of local programming in non-metropolitan television markets. Eighteen CBC/Radio-Canada stations are eligible for LPIF support and contribute to the overall objectives of the LPIF as follows: to ensure that viewers in smaller Canadian markets continue to receive a diversity of local programming - particularly local news programming; to improve the quality and diversity of local programming; and to ensure that viewers in French-language markets are not disadvantaged by the smaller size of those markets.

CBC/Radio-Canada received $36.7 million from the LPIF in 2010-2011. The continuation of the LPIF beyond August 31, 2012, has not yet been confirmed by the CRTC.

3. Who will be Our Main Competitors in 2015?

Canada's broadcasting industry is a mixed private/public system comprising three main sectors: television, radio and distribution (cable and satellite).

	Broadcast			Telecom			Revenues
							Estimated 2010 Revenues
Bell	✓	✓	✓	✓	✓	✓	$18.1B
ROGERS	✓	✓	✓	✓	✓	✓	$11.3B
SHAW	✓	✓	✓	✓	✓		$4.7B
QUEBECOR Media		✓	✓	✓	✓	✓	$2.5B
	✓	✓					$1.7B

The television sector includes two different types of services – conventional broadcasters and pay/specialty services. Although conventional broadcasters have lost viewing to pay/specialty services in recent years, they continue to be the cornerstone of the Canadian broadcasting system, providing the vast majority of original, first-run programming that airs in prime time. Yet, while playing an essential role, conventional broadcasters are limited to a single source of revenue – advertising (although value for signal for private conventional broadcasters may be implemented shortly) – Pay/specialty services, on the other hand, have two sources, advertising and subscription fees.

Television broadcasting in Canada is highly concentrated. In the private English television market, there are two dominant players, Bell and Shaw Media, while Quebecor dominates virtually all facets of the francophone Quebec market. With 15 English stations and 13 French stations, CBC/Radio-Canada retains a strong presence in the conventional broadcasting market. However, it is weak in the specialty television market, with only 3 widely distributed, services (CBC NewsNet, RDI and ARTV) and 2 digital services with limited distribution (**bold** and *documentary*). Enhancing our specialty TV market position by consolidating our existing specialty channels through negotiations with BDUs and expanding our portfolio when partnerships opportunities arise is a key priority for the Corporation. To this end, we recently negotiated five-year deals with Bell and Rogers and a two-year deal with Quebecor for the distribution of our services.

In the wake of deregulation, Canada's private radio industry has also become highly concentrated, populated by only a handful of large players — Astral, Rogers, Cogeco and Corus. Concentration has also brought profitability to Canada's private radio industry. CBC/Radio-Canada is Canada's only national radio service, with four networks (two in English and two in French) delivered via 82 stations.

Television distribution is the largest segment of the broadcasting industry. Over ninety per cent of Canadians receive their television signals from either a cable or satellite provider, and ninety

per cent of all television subscribers are accounted for by five companies (Rogers, Bell, Shaw, Videotron and Cogeco). All broadcasters, including CBC/Radio-Canada, are highly dependent on distributors for carriage of their conventional services and for payment of a fair subscriber rate for the right to carry their specialty services.

The three main sectors (television, radio and distribution) of the broadcasting industry were impacted in quite different ways by the economic downturn. Those elements of the system relying on subscription revenue (cable and satellite BDUs, specialty channels) were almost immune from the effects of the recession, while those sectors dependent on advertising revenue (conventional TV broadcasters, private radio) were the hardest hit. In 2009-2010, television distributors reported over $1.7 billion in profits. Conventional TV broadcasters, on the other hand, had combined losses of nearly $300 million. TV subscription revenue actually increased in 2009, while the advertising revenue of conventional TV broadcasters dropped by more than 10 per cent.

Broadcasting Sector Financials (*in billions*)

	2009		2008		2009/2008	
	Revenue	Pre-Tax Profit	Revenue	Pre-Tax Profit	Revenue	Pre-Tax Profit
Cable *	$ 9,22	$ 1,65	$ 8,24	$ 0,82	12%	102%
Satellite TV	$ 2,19	($ 0,02)	$ 2,05	$ 0,04	7%	(143%)
Specialty/Pay TV	$ 3,10	$ 0,66	$ 2,93	$ 0,61	6%	7%
Private Conventional TV	$ 1,97	($ 0,28)	$ 2,14	($ 0,10)	(8%)	189% **
Private Conventional Radio	$ 1,51	$ 0,32	$ 1,59	$ 0,39	(5%)	(18%)

Source: CRTC

* Pre-tax profit is not available for Cable TV, so Cable includes Cable TV, Internet and Telephony.

** Increase in losses

With Canada's largest private conventional TV broadcasters in a weakened state as a result of the economic downturn, they became attractive targets for takeover. Shaw purchased CanWest, which had declared bankruptcy, and Bell purchased the 85 per cent of CTV that it did not own. These major transactions led to a convergence of Canada's broadcast and telecom sectors. Canada's $15.6 billion broadcasting industry is small when compared to the $40 billion telecommunications industry.

CBC/Radio-Canada faces a future in which all of its main English and French competitors are owned by companies also heavily involved in telecommunications. Indeed, we are now the only national broadcaster not owned by a cable or satellite company. As a result, we can expect more pressure on the cost of our key sports properties as these conglomerates seek attractive Canadian content for their specialty services. CBC/Radio-Canada has concerns about the control and distribution of content by these integrated companies: will Canadians have equal access to a diverse range of Canadian content in this new environment?

4. How Will the Regulatory Environment Evolve Over the Next Five Years?

The objectives of Canada's broadcasting policy, enshrined in the *1991 Broadcasting Act*, make it clear that Canadian governments have concluded that culture cannot be left entirely to market forces, and that all players in Canada's broadcasting system are expected to contribute in various ways to the policy's fulfillment.

It is the responsibility of the Canadian Radio-television and Telecommunication Commission (CRTC) to ensure that public policy in support of the *1991 Broadcasting Act* is developed and enforced. Historically, the CRTC has developed public policies to support the creation and airing of Canadian audio and video content. For example, the CRTC established Canadian content quotas for Canadian radio and TV stations. The CRTC has also worked to establish funds that provide direct support to:

- Canadian songwriters and musicians (through the *Canada Music Fund*)
- Independent producers of Canadian television programs (chiefly through the *Canadian Media Fund* (CMF) and tax credits)
- Local broadcasters in smaller markets (through the Local Programming Improvement Fund (LPIF).

These funds are critical to supporting the creators of audio and visual content in Canada. The funding available via the CMF and the LPIF is, however, dependent on revenues from BDUs and the continuation of these programs.

Moreover, the CRTC has indicated that it would prefer to see public policy evolve in response to market forces with a minimum of new regulation. This was evident in its decisions on the distribution of TV services in a digital world and in the mechanism by which BDUs will negotiate a fair value with private conventional broadcasters for the right to distribute their signals (if the Federal Court upholds the CRTC's jurisdiction in this matter).

On the other hand, the acquisitions by Shaw of CanWest and by Bell of CTV, along with the proliferation of non-linear content, may persuade the CRTC that stronger regulatory safeguards are required to counter increased concentration of ownership and the convergence of broadcasting and telecommunications. With respect to the former, the CRTC held a hearing in June 2011 on how vertical integration impacts access to content and exclusivity of content ownership across platforms. With respect to the latter, on May 25, 2011, the CRTC announced that it will hold a fact-finding exercise on 'over-the-top' programming services in the Canadian broadcasting system[2].

Everyone, Every way: Our Map for Success

As the discussion above illustrates, CBC/Radio-Canada's operating environment is characterized by constant change and ongoing uncertainty. By increasing the Corporation's focus, flexibility and agility, our new five-year strategic plan will allow us to address our many challenges and opportunities.

[2] 'Over-the-top' refers to programming provided by entities on multiple platforms that are separate from the physical infrastructure over which it is delivered.

4. The Strategic Plan: *Everyone, Every way*

Everyone, Every way is a vision of CBC/Radio-Canada's future and clear direction on how we will get there.

To Meet the Changing Needs of Canadians

CBC/Radio-Canada developed the *Everyone, Every way* strategic plan to prepare us to meet the expectations Canadians have of their national public broadcaster in a world of continuous technical revolution, rapid and ongoing shifts in consumer behaviour and an uncertain economic environment. This plan gives us the focus and clarity we need to make strategic choices and to allocate scarce resources. It will allow us to continue to lead the evolution of Canadian broadcasting.

Everyone, Every way redefines the way CBC/Radio-Canada will engage with Canadians as members of their communities and as individual citizens. At a time when Canadians are demanding more and in different ways, CBC/Radio-Canada will be more than a broadcaster for its audiences. In today's digital world, we have the opportunity to create new spaces and to make new links between the country's public broadcaster and the public that we serve. This is our vision for Canada's national public broadcaster.

"Inform, Enlighten, Entertain": CBC/Radio-Canada's Mandate

The 1991 *Broadcasting Act* specifies that: "...the Canadian Broadcasting Corporation, as the national public broadcaster, should provide Radio and Television services incorporating a wide range of programming that informs, enlightens and entertains; ...the programming provided by the Corporation should:

- Be predominantly and distinctively Canadian;
- Reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;
- Actively contribute to the flow and exchange of cultural expression;
- Be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;
- Strive to be of equivalent quality in English and French;
- Contribute to shared national consciousness and identity;
- Be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,
- Reflect the multicultural and multiracial nature of Canada."

Clearly Defined Principles and Performance Metrics

Canadians are consuming our programming in record numbers, despite an unprecedented availability of channels and stations. But to be a cultural leader and an effective and relevant public broadcaster now and into the future, we need to be more national, more regional and more digital, and in a more focused way.

With *Everyone, Every way*, we've developed a set of guiding principles that expand on what our vision means and serve as a guide to our decisions at all levels throughout the organization.

Where We Started—Key Objectives

CBC/Radio-Canada began the *Everyone, Every way* process by determining six key objectives:

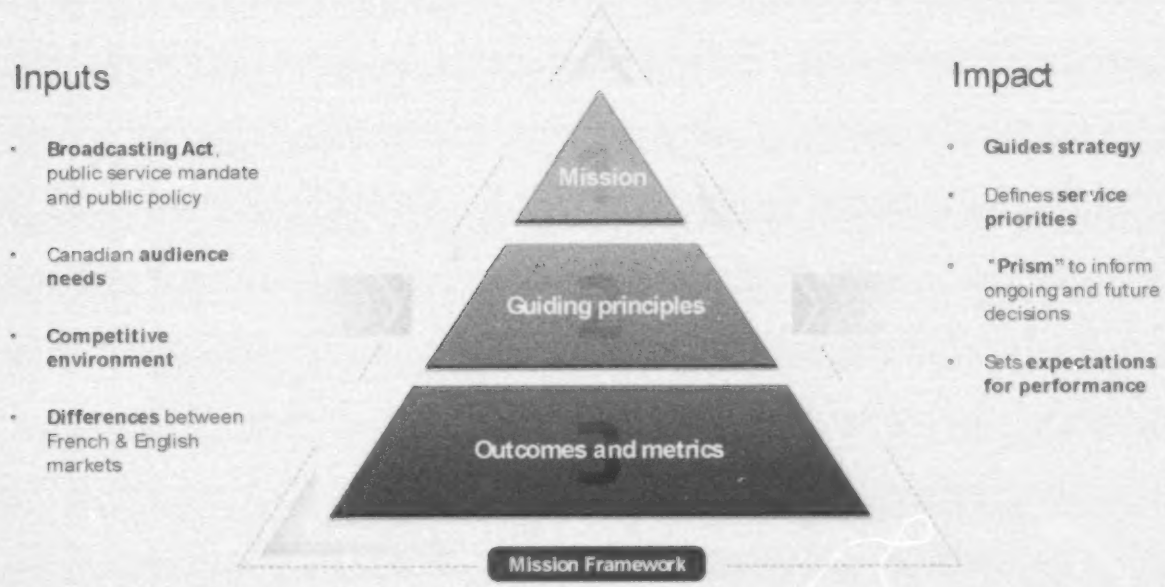
1. More effectively align the Board of Directors, senior management, the Media Lines and all managers and employees around CBC/Radio-Canada's priorities
2. Accelerate the Corporation's success with audiences across television, radio and non-traditional platforms
3. Give management more flexibility to respond to evolving changes and opportunities
4. Provide a longer-term strategic blueprint to guide planning and near-term decisions
5. Identify and size the investments required to achieve objectives and to increase CBC/Radio-Canada's "share of voice"
6. Benefit fully from the Corporation's economies of scale while respecting inherent differences between English and French markets

The Plan's Components

Through an eleven-month strategic planning process with input from across the Corporation, and drawing on feedback from focus groups and surveys conducted among our audiences and stakeholders, the CBC/Radio-Canada Senior Executive Team worked closely with its Board of Directors (and the Strategic Planning Committee of the Board, created for this purpose) to develop:

- A new CBC/Radio-Canada vision
- Guiding principles supporting the vision
- Strategic priorities—Programs, Regions and Platforms—for achieving our objectives, including costs
- Future directions for Program genres
- Metrics for measuring results

The context in which these components will operate is summarized in the chart below.



CBC/Radio-Canada's new vision states that:

> "CBC/Radio-Canada will be the **recognized leader** in **expressing Canadian culture** and **will enrich the democratic life** of all Canadians."

The delivery of our vision is based on the following four guiding principles:

1. The creation and delivery of **original, innovative "high-quality" Canadian content;**
2. That **reflects** and **draws together** all Canadians;
3. Actively **engaging audiences,**
4. While being **cost-effective** and **accountable.**

The accomplishment of our vision based on the above guiding principles will mean that we are indeed providing a "wide-range" of programming that informs, enlightens and entertains, as we required to do according to the *1991 Broadcasting Act*.

1. Our Network Programming Strategy

Everyone, Every way Will Bring More Canadian Content

Program renewal across all of our services has been driven by feedback from our audiences. They tell us that they want to see their lives, interests and sense of identity reflected in high-quality, engaging Canadian-made programs. Canadian content is at the core of our mandate, and we offer much more of it than any other English or French broadcaster.

Everyone, Every way will give Canadians more of their own stories. As just one example, ten Signature events per year on both our English and French networks will capture and illuminate singular events of significant meaning to all Canadians.

For example, a November 2010 Remembrance Day Signature program, ***We Will Remember Them/Pour ne pas les oublier***, introduced a new generation of Canadian war heroes to audiences across both English and French Services. The programming included a range of multimedia content, including web pages for Canadian soldiers fallen in Afghanistan, with the content contributed by the soldiers' families and friends and on which Canadians could post their responses.

Shared English and French Services Programming Priorities

English and French Services operate in markets with different characteristics and needs. However, *Everyone, Every way* binds CBC and Radio-Canada together in a single definition of the role of the national public broadcaster. At the same time, it reflects the reality that the execution of the strategy needs to be tailored to the English and French markets.

The main shared programming priorities for English and French Services are:

1. **News:**
   - Complete news renewal, including multimedia expansion and integration
   - Increase audiences across all platforms

2. **Regions:**
   - Increase the breadth and depth of our footprint, in terms of geography, 24/7 coverage and range of content

3. **Arts & Entertainment:**
   - Continue to extend CBC/Radio-Canada's leadership in entertaining Canadians with their stories, their humour—their culture

4. **New Platforms:**
   - Maintain our Canadian leadership, as audiences migrate to new platforms

The Programming Strategies

English Services

CBC/Radio-Canada's English Services comprise CBC Television, CBC News Network, **bold**, *documentary* (majority controlled), CBC Radio One, CBC Radio 2, CBC Radio 3, and digital platforms including *CBC.ca*. CBC content is also available on new platforms through partnerships with content distributors.

English Services Programming Strategy

GENRES	KEY ACTIONS	EXPECTED OUTCOME
National & International News	- Complete news renewal/strategy across all platforms - integration of a central gathering and distribution service, audience growth strategies, emphasis on depth & context, increase original journalism, reflect diversity of Canada, build reporter profiles, focus on higher impact specials - Continue development of national news	-Leadership for CBC in national & international news
Regional News	- Complete news renewal/strategy across all platforms, part of the local service extension plan including: reinvesting in current locations, expansion in current locations, and expansion in new locations	-See sections on Regional and Platform Strategy
Current Affairs/Radio Smart Talk	- Maintain performance of Smart Talk programs on Radio One and further develop Current Affairs and Arts and Entertainment programs across platforms - Update formats as required to encourage a consistent brand experience - Continue investment in digital migration for TV & Radio content (podcasts, social media, mobile) as audience migrates from terrestrial to digital	-Maintain CBC's leadership position in "talk" programming on radio
Music	- Complete and implement comprehensive multi-media music strategy - Continue our commitment to expose and celebrate a broad range of Canadian music and artists	-Growth in aggregate audience to music content across platforms
Drama/Comedy/ Factual	- Reduce reliance on American programming and replace with original Canadian series - Continue commitment to Canadian scripted drama & comedy and maintain envelop from CMF - Continue commitment to Factual programming - Strengthen presence of content on CBC.ca	-Decrease CBC's reliance on US programming for revenue and promotional opportunities -Build on cultural leadership in drama/'arts & entertainment' programming
Signature Events	- Annual commitments to Signature Event programming - create at least 10 events per year - Signature events have national cultural relevance or public interest, includes programming elements on all platforms, provides meaningful public engagement activities, incorporates regional participation	-Schedule a minimum of ten signature TV events per year
Sports	- Develop and roll out multi-media sports strategy - Seek and develop opportunities for partnerships - Create and launch best of class website for CBCSports.ca - Improve net costs on key properties	-Establish a sustainable role for Sports on CBC with improved economics, stronger revenues and partnering opportunities

French Services

CBC/Radio-Canada's French Services comprise Télévision de Radio-Canada, Réseau de l'information de Radio-Canada (RDI), Première Chaîne, Espace musique, Espace jazz, Espace classique, Espace monde, Bande à part, Radio Canada International (RCI), *Radio-Canada.ca*, and TOU.TV. The Corporation is also a partner in ARTV and TV5Monde.

French Services Programming Strategy

GENRES	KEY ACTIONS	EXPECTED OUTCOME
National & International News	-Continue to develop 24/7 multiplatform offering -Protect and strengthen the brand (fair & impartial)	-Grow audiences for National & International News on all platforms -Perceived as most credible/reliable source of news and analysis in a fragmented, opinion based multimedia environment
Current Affairs Magazines	-Continue to build on major areas of expertise	-Continue to enrich our multiplatform content with «original journalism» and build on key expertise (International, Investigative, Business, Heath & Science, Environment)
Documentaries	-Continue to produce high-impact Canadian Docs	-Maintain performance in terms of output, audience and perception
Dramas	-Strategically invest and support more high-end dramas -Manage rights to facilitate non-linear distribution -Develop original dramas for web/other platforms	-Radio-Canada brand to continue to be recognized as the leading destination for high quality high impact French language Canadian television dramas, webseries and films, on TV and other platforms
Culture & Variety	-Develop and air differentiated programs/formats; Preserve and renew a distinctive public radio service	-Maintain performance on differentiated variety programs (talk-shows, quiz, comedy) -Maintain share of market while renewing and refreshing programming
Signature Events	-Continue commitment to multiplatform 'Signature event' programming that showcase Canadian Talent and contributes to brand	-Schedule & promote a minimum of ten «signature» multiplatform events per year
Music	-Complete multimedia strategy to ensure consistency of key actions in support of Canadian music/talent -Complete on-line offering with «Espace.mu »	-Enhance musical diversity, be a leader in providing French-language music on radio and on digital platforms and continue to support Canadian talent.

2. Our Regional Programming Strategy

While Canadians believe that regional programming should be among CBC/Radio-Canada's most important priorities, their perception of our performance lags behind how important it is to them in building community. For various reasons, we have not always been everywhere we needed to be, or able to do everything we needed to do. We will reverse that trend and bridge that perception gap by strengthening our presence in the regions.

Shared English and French Services Regional Priorities

Regional conditions and requirements differ for English and French Services, yet both services share key regional priorities:

1. **Accelerate the trend towards a strong multimedia regional presence** in all served markets

2. **Expand regional programming beyond news to include other genres**, such as lifestyle, talk and music, to reflect more aspects of local communities

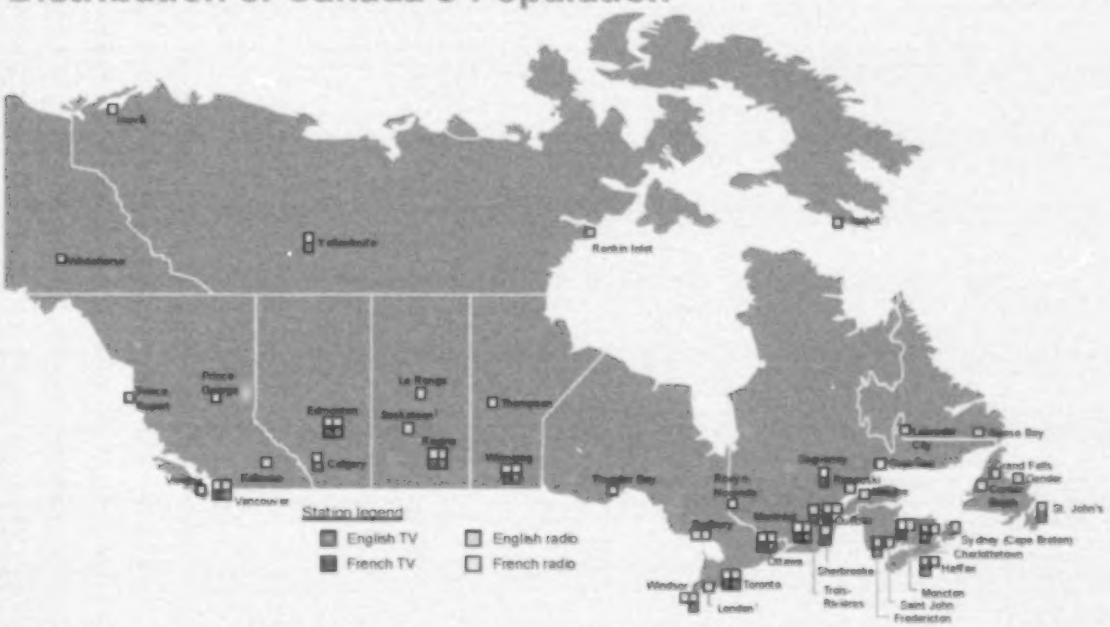
3. **Review/adjust allocation of services and resources across markets** and regions to reflect changing market needs and new delivery models

4. **Pursue expanded partnership opportunities** in regions to enhance economics and competitiveness, while protecting and enhancing the CBC/Radio-Canada brand

5. **Expand service in selected under-served markets** to address gaps in coverage.

As the map below clearly illustrates, CBC/Radio-Canada's current footprint of radio and television stations leaves several important markets unserved.

Current Footprint Does not Fully Reflect the Distribution of Canada's Population



Note: ' Saskatoon and London shown as stations because CBC employees reside in these markets, complete local service is not delivered in these markets, only contributions to regional programs
Source: CBC/Radio-Canada government relations station list (May 5, 2010); Statistics Canada quarterly population estimates (2005,2010)

Everyone, Every way will strengthen the regional presence of English and French Services through a range of initiatives summarized in the tables below.

English Services Regional Strategy

GENRES	KEY ACTIONS	EXPECTED OUTCOME
Reinvest in Current Locations	- Before we expand our business, we first need to strengthen our current services to address resource deficiencies. - Adding full time positions in radio, TV and online - covering a wide range of positions - Locations include: St. John's Gander/Grand Falls, Corner Brook, Charlottetown, Montreal, Quebec City, Toronto, Sudbury, Thunder Bay, Windsor, Saskatoon, Calgary, Edmonton, Vancouver, Prince George	-Implement the Local Service Expansion Plan -Growth in aggregate audience to regional programming across all platforms
Expansion in Current Locations	- Expanding our Kelowna operation, enabling CBC to better serve BC by allowing Kelowna to serve interior BC and Victoria to focus solely on serving Vancouver Island - Enhancing weekend news by offering "Full Service" to both Toronto and Calgary. Full service will consist of a new television weekend news service and expanded radio and digital weekend news.	-Continue to enhance local news -Growth in aggregate audience to regional programming across all platforms
Expansion in New Locations	- Expanding into new locations by opening new stations, and therefore serve more Canadians. - These new stations will offer CBC services through a combination of platforms (radio, online), taking advantage of the latest technologies (mobile, apps), and efficient workflows and work practices. Opening a new station in Kamloops as part of a BC "Hub and Spoke" operation - offering a Radio & Digital service, offering a local morning show and newscasts, working closely with Kelowna operation for content sharing	-All CBC locations have a local website and mobile service -Growth in aggregate audience to regional programming across all platforms -Extend CBC.ca's lead in unique visitors

French Services Regional Strategy

GENRES	KEY ACTIONS	EXPECTED OUTCOME
Round-out multimedia regional presence	- New multimedia hub in Rimouski to serve Eastern Qc	-Growth in aggregate audience to regional programming across all platforms
Expand online and mobile service	-Launch new local websites -Pilot hyperlocal service in Montreal suburbs	-Growth in unique visitors and use of mobile services
Expansion in New Locations	- Invest in improvements of local news and expand to weekends -Invest in new non-news regional programming -Regionalization of Espace musique -Invest in local online sites	-Increase reach and market share of regional news content on all platforms -Increase level of non-news regional production to regions and to network -Complete multi-media offering in all markets served -Leadership in regional digital offering

3. Our Digital Programming Strategy

Canadians connect with CBC/Radio-Canada on digital platforms where, when and how they want. New media is profoundly transforming how audiences consume and interact with information, entertainment and content. As part of *Everyone, Every way*, we want to give Canadians the tools they need to tailor CBC/Radio-Canada programming to their specific interests and requirements.

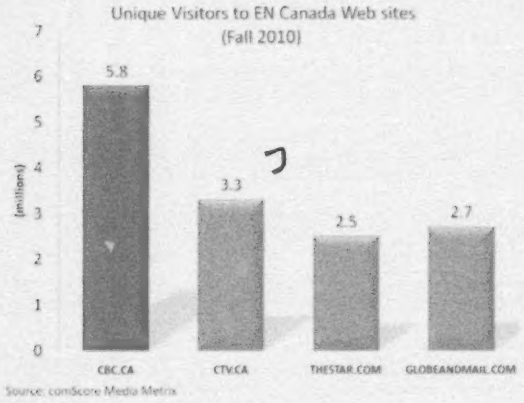
The chart below shows how our platform strategy is driven by changing patterns in how audiences access and consume content.

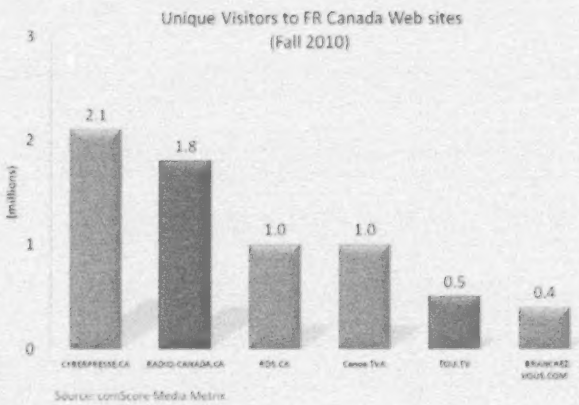
The Evolution of Media Consumption Has Shaped Our Platform Strategy

	SITUATION	IMPLICATION FOR CBC/RADIO-CANADA
Conventional TV	Traditional networks will continue to command large audiences, but are facing erosion to specialty	Our TV networks will remain our most important platforms to reach audiences
Specialty TV	Many niche channels comprising the bulk of viewing but now facing slower growth	Consolidate position of our existing specialty channels and expand portfolio when opportunities arise (e.g. through partnerships)
Terrestrial Radio	Conventional radio usage will remain significant, but listening faces erosion	Our radio networks will remain an important platform to reach audiences
New Platforms	New platforms are expected to grow rapidly - from their current small base	Smart significant investment in the platforms of the future

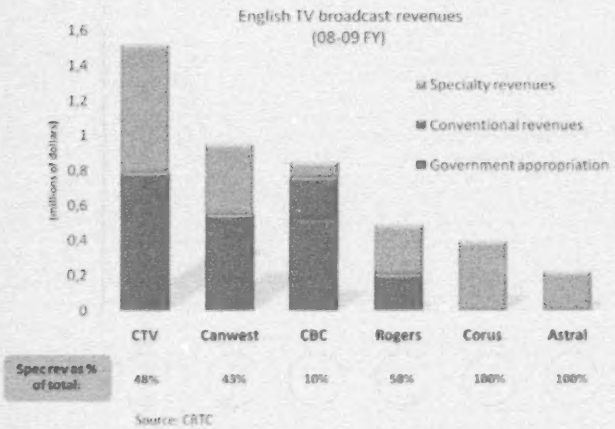
Challenge: Strength in digital but minor player in specialty

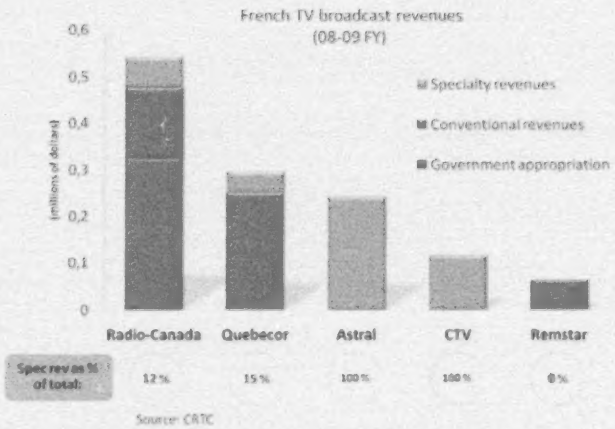
As the charts bellow illustrate, CBC.ca is Canada's leading English News site and Radio-Canada.ca is joint leader for French News.





By contrast, CBC/Radio-Canada is a minor player in the specialty channel market, as the charts below show. We are committed to judiciously expanding our specialty channel portfolio and will launch in 2011-2012 a French Services specialty television channel, SENS, that will feature programming about health, science, nature, and the environment. Most of our investments, however, will focus on strengthening our leadership in digital services.





Shared English and French Services Platform Priorities

1. Strengthen our multi-platform competitive position

- Consolidate the position of all existing specialty channels through BDU negotiations
- Invest in content, usability and marketing of existing digital services to grow leadership position
- Continue to develop track record of early adoption of new media by experimenting with new technology and applications

2. Build a suite of branded multi-platform Canadian destinations

- Focus on differentiated arts and entertainment content
- Ensure brand consistency so that content and audiences can flow easily between CBC/Radio-Canada linear (traditional broadcast) and non-linear (on-demand) services

3. Expand partnerships to make progress on CBC/Radio-Canada's existing properties

- Targeted/opportunistic partnerships and/or joint ventures can enable revenue growth from new or existing specialty channels while bringing economies of scale
- Showcase content on leading digital platforms and aggregate others' content on CBC/Radio-Canada sites to drive traffic and strengthen leading position of CBC/Radio-Canada content

English Services Platform Strategy

GENRES	KEY ACTIONS	Expected Outcome
Specialty TV channels	-Explore partnerships and investment opportunities for TV Specialty services	-As audiences migrate to new platforms protect CBC's leadership position -Protect overall revenue position as ad dollars and subscriber revenues are displaced by new platforms -Ensure investment and revenue opportunities are commensurate with maintaining a leading competitive position in Canadian digital media -Introduce user-pay model and increase monetization of non-linear offering -Deliver content to more Canadians, how & when they want it
Regional Online	-Develop local and hyperlocal online services	
Genres Online	-Increase development of original online content to allow smart, targeted experimentation and investment -Develop a windowing strategy for online content -Optimize online content distribution -Explore further monetization through user-pay models	
Agility around emergent technology and behavior	-Identify internal expertise to identify shifts in audience & platform behaviour and recommend changes -Generally, strategically use social media, podcasts, mobile, VOD, PPV etc. to leverage existing content and enhance CBC's market position -Increase budget commitment in 2015-16, towards digital content, promotion and platform investments	

French Services Platform Strategy

GENRES	KEY ACTIONS	EXPECTED OUTCOME
Strategic Investment in Digital Platforms	-Increase budget commitment in 2015-16, towards digital content, promotion and platform investments (including some R&D)	-Radio-Canada online ad revenues to grow each year -Extend Radio-Canada brand to digital platforms
Specialty TV channels	-Launch new specialty in 2011-12 with health, science, nature and the environment as its main focus -Opportunistically invest in existing specialty channels while maintaining high wholesale rates	-Maintain/grow revenues and profits of existing specialty channels
Regional Digital	-Develop local and hyper-local online sites and mobile services -Active experimentation – Mobile -Grow Social Media/UGC	-As audiences migrate to new platforms, maintain & increase Radio-Canada's aggregate reach
Genre Digital	-Continue to develop tou.tv and original content for web -Manage rights to facilitate non-linear distribution	-Continue to increase reach and use of Radio-Canada content on tou.tv and other VOD platforms under the Radio-Canada brand -Introduce user-pay model and increase monetization of non-linear offering

People, Our Most Valuable Asset

People have always been the Corporation's biggest asset. They are the source of our success. CBC/Radio-Canada will be a rewarding, progressive and diverse workplace that builds professional teams of innovative and highly skilled people dedicated to accomplishing the vision. We will develop and sustain a leadership climate that encourages collaboration, decisiveness and trust, while recognising the importance of risk-taking and accountability. We will provide a work environment that fosters creativity and a culture of excellence, and strengthens the passion for what we do to serve Canadians.

Our people are key to our ability to deliver on our strategy. To be successful, we need to adapt as an organisation and to modernise how we produce and deliver our services. We need to examine how technology can make our processes and production methods more efficient. To accomplish all of this quickly, we need to push decision-making down to employees and managers, empowering our people by distributing leadership. Our people need the freedom to implement our vision and deliver on our plan. To support this more nimble approach to management, we will increase training for employees to help them adopt and adjust as quickly — or more quickly – than our competitors. Our workforce is used to change and is, in fact, an advocate of change. And it is capable of accelerating change through "innovative disruption" that continually challenges the status quo.

Everyone, Every way commits us to reflecting the country's multicultural make-up and contributing to the diversity of voices on the airwaves. The importance of diversity is woven through our strategy, committing us to:

- reflect the country's diversity through our programming, in subject matter, on-air personalities, guests, actors, and creative and production crews;
- continue to focus on attracting a diversified talent pool through recruitment and the development of our workforce;
- not only appearing, but also being as diverse as the country.

5. Funding the Plan

New investments require new money. To fund our strategy, we need to grow our commercial revenues faster than the overall market. Over the next five years, we expect our conventional television advertising revenues to increase by 2.8 per cent, which is beyond industry forecasts of 2.4 per cent, and our digital advertising and other platform revenues to almost double in comparison with current levels.

We also need to continue to pursue efficiencies in our capital and operating costs. Several cost reviews are underway to find ways to operate more efficiently. By 2015, we will be more financially flexible and agile to fund the core elements that will translate this strategy into action.

Everyone, Every way commits us to:

- Balancing the overall financial plan and enhancing the level of service we provide to Canadians, without abandoning our audiences;
- Pursuing revenue growth initiatives, cost improvements, resource redirections; and examining our assets to extract as much value as we can;
- Further trimming our operating costs. We have undertaken a corporate general and administrative cost review, and a review of our overall procurement spend for goods and services; and
- Reviewing our network production methods, to be as efficient as we can be.

Examples of our commitments for funding this strategy include a continued move to 360° revenue management; an enterprise-wide approach to procurement and merchandising; and further development of online advertising capabilities, which are becoming more desirable as digital deals are increasingly linked to traditional media.

6. Mitigating Plan Risks

RISK MANAGEMENT

As Canada's national public broadcaster, CBC/Radio-Canada occupies an important place in the Canadian broadcasting system and faces a unique set of risks to its plans and operations. Like all broadcasters, the Corporation must adapt to technological changes, shifts in demographics, economic conditions and evolving consumer demands, as well as structural changes in the industry. As a public broadcaster with a statutory mandate to serve all Canadians, CBC/Radio-Canada also faces unique financial challenges and risks.

CBC/Radio-Canada's Risk Management Program is part of an enterprise-wide framework integrated into business processes. Responsibility for risk management is shared amongst the following groups: CBC/Radio-Canada's Board of Directors; the Board's Audit Committee; the Senior Executive Team; Internal Audit; and operational units.

The Board oversees CBC/Radio-Canada's key risks at a governing level, approves major policies and ensures that the processes and systems required to manage risks are in place.

The Audit Committee of the Board monitors key risks by discussing their status with management at quarterly Audit Committee meetings, and by ensuring that management has programs for evaluating the effectiveness of internal controls.

The Senior Executive Team identifies and manages risks, reports on CBC/Radio-Canada's key risks to the Audit Committee and the Board, recommends policies, and oversees financial reporting and internal control systems.

Internal Audit plans its audits in accordance with the results of the risk assessment process, ensuring that major risks are covered on a rotational basis by the annual audit plan.

Media and support business units identify and assess risks through the annual business plan process, and develop and execute detailed plans to manage risks. Risks are prioritized based on their potential impacts and their likelihood of occurring, and they are reported to the Board of Director's Audit Committee quarterly.

KEY RISKS

The following table discusses the key risks facing CBC/Radio-Canada in the coming years:

LEGEND Risk Trend: ▼ Decreasing ► Stable ▲ Increasing

Key Risk	Risk Mitigation	Risk Trend 2011–12	Future Impact
Government Funding Government deficit reduction agenda may affect CBC/Radio-Canada funding in 2011–2012 and beyond.	Conducted scenario planning for potential outcomes.	▲	$60 million in one-time funding for programming has been renewed every year since 2001–2002 but there is no commitment beyond 2011–2012. Budget 2011 announced a government-wide Strategic and Operating Review (SOR) of direct program spending with an objective of ongoing annual savings by 2014–2015 of five per cent of the government's review base. CBC/Radio-Canada is one of 67 organizations that have been asked to prepare two proposals as part of this review: one to meet a 5% reduction and the other at least a 10% reduction to our parliamentary appropriation. The outcome of this review will be reported as part of Budget 2012.
Economic Uncertainty A climate of economic uncertainty could potentially impact the achievement of advertising revenue targets.	The Corporation is monitoring advertising revenue performance and developing contingency plans.	▲	Achievement of revenue targets is an important element of Strategy 2015.

Key Risk	Risk Mitigation	Risk Trend 2011–12	Future Impact
Regulatory Issues			
Value for Signal			
On March 1, 2011, the Federal Court of Appeal cleared the way for private broadcasters to charge cable and satellite providers for carrying their programs.	Monitor the situation and adjust plans accordingly.		The CRTC's decision to exclude CBC/Radio-Canada from Value for Signal leaves CBC/Radio-Canada reliant on two less predictable sources of funding (conventional television advertising and government funding). The CRTC promised to revisit this decision at upcoming licence renewal hearings. However, renewals have now been delayed to June 2012.
Local Programming Improvement Fund (LPIF)			
LPIF funding received by CBC/Radio-Canada for the fiscal year ending March 31, 2011 was $37 million. The LPIF is slated for review by August 31, 2012. The review could result in a change to the amount CBC/Radio-Canada receives from the fund.	Proactively participate on LPIF committee and advocate benefits of continuity of the fund.		Continuation of LPIF funding after August 31, 2012 is uncertain.
Licence Renewal			
Renewals for all CBC/Radio-Canada licences, including for specialty services, originally scheduled for September 2011 are now postponed to June 2012.	CBC/Radio-Canada's licence renewal application is seeking a streamlined regulatory framework to enable the Corporation to operate efficiently and effectively in an evolving multiplatform environment. Work with CRTC to reach mutually acceptable conditions of license.		The outcome of this hearing will set the terms and conditions of our CRTC licence over the next five years and determine whether we are able to meet the objectives of *Everyone, Every way*.

Key Risk	Risk Mitigation	Risk Trend 2011–12	Future Impact
CRTC Vertical Integration Hearing CBC/Radio-Canada is the only major broadcaster in Canada without distribution affiliations. There is a risk that BDUs will drop optional television services and/or there will be downward pressure on wholesale rates for the Corporation's specialty services, thereby resulting in decreased revenues.	Protect the broad availability of our services to Canadians across regulated platforms by arguing for stronger regulatory rules and better dispute resolution processes.		The CRTC has announced a moratorium on exclusive deals for TV content on mobile services until the vertical integration hearings are finished. A decision is expected in Fall 2011. CBC/Radio-Canada advocated that diversity of voices must be maintained.
Government Policy Government policies on the broadcasting and communications industries such as foreign ownership rules may affect the business model of broadcasters, including CBC/Radio-Canada.	Discussed issues with Government officials. Participated in committees and studies. Will monitor the situation and adjust plans accordingly.		Changes to how foreign ownership rules are applied could dramatically impact the broadcasting landscape.
Strategy, Budget and Planning Structural changes in the conventional broadcasting sector prompted by technological advances, vertical integration and shifting consumption habits require long-term strategy reformulation. Limited financial flexibility.	Developed and implementing *Everyone, Every way*. Objective is to set longer-term strategic objectives for the Corporation. This exercise will impact the 2011–2012 planning cycle and beyond. Reviewed areas where the Corporation needs additional financial flexibility and engaged key government department players to achieve increased flexibility.		*Everyone, Every way* was announced in February 2011. Business plans have been developed and budgets allocated in support of strategic objectives. Key Performance Indicators (KPIs) have been developed to monitor attainment of the strategic objectives. Limited financial flexibility impacts the Corporation's ability to respond to market opportunities or changes in economic conditions.

Key Risk	Risk Mitigation	Risk Trend 2011–12	Future Impact
Infrastructure Replacements and Optimization Limited resources to meet capital asset needs for:			
-Building repairs and renovations.	Additional budgets over the next two years have been allocated to priority building maintenance projects.		Pursue opportunities to reduce our inventory of unused capacity.
-Replacement of aging broadcasting equipment and transition to high definition (HD) production.	Replacement will continue with available resources on a prioritized basis. Majority of production facilities in Montreal and Toronto network centres have been converted to HD.		Transition of aging production equipment in regional locations to HD is planned for future years, at a pace that budgets allow.
-Radio transmitters across the country are nearing the end of their useful life.	A new transmitter asset strategy has been developed to reduce the size and investment requirements of the current system while maintaining coverage.		Incremental capital funding for radio Accelerated Coverage Plan (ACP) transmitters has been identified in the multi-year capital budget commencing in 2012–2013.
-Real estate assets must be exploited to reduce excess space and costs.	A complete Real Estate strategy has now been developed and approved to maximize proceeds from portfolio and reduce operational costs.		CBC/Radio-Canada's Real Estate Services will implement portfolio strategic plans during the coming years.
DTV Transition The Corporation has installed 27 transmitters across the country, one for every one of its originating television stations. For CBC/Radio-Canada, going digital in all of the CRTC's "mandatory markets" would require the replacement of 51 transmitters. The Corporation does not have the capital spending capacity to achieve that.	DTV implementation and funding plans have been accelerated to implement 14 English DTV and 13 French DTV transmitters by August 31, 2011.		The Corporation has received authority from CRTC to continue operating in analog in 22 markets across Canada until August 31, 2012. The result is that the loss of over-the-air signal from CBC or Radio-Canada has been delayed for at least a year.

Key Risk	Risk Mitigation	Risk Trend 2011–12	Future Impact
Canada Media Fund New Canada Media Fund (CMF) funding allocation rules could result in reduced support for CBC/Radio-Canada.	Proactively advance the Corporation's position with the CMF, including participation in the CMF National Focus Group.	▶	The CMF is a critical source of funding for independent producers. The fund allows independent producers to continue creating new Canadian programs that CBC/Radio-Canada showcases in prime time – when most Canadians want to watch them.
Workforce Challenges Challenges to Recruiting, Training, Retaining and Empowering a Skilled Workforce	A National Advisory Committee was announced to implement Engagement Survey action plans. Continue to implement the 2009–2012 Corporate Diversity and Equity Action Plan.	▶	Appropriate training and workforce planning will be necessary to achieve objectives of *Everyone, Every way*.
Impact of Emerging Platforms Loss of conventional broadcast audiences to emerging platforms.	Increased budgets have been allocated to the digital programming over the next five years.	▲	The transition to emerging platforms is a major component of *Everyone, Every way*.

7. Financial Plan

Financial Overview

The Financial Overview in Appendix A presents the Corporation's financial picture for 2010-2011 through 2015-2016.

The balanced position presented (before non-operating items) for 2011-2012 to 2015-2016 in Appendix A is achieved by matching expenditures to expected resources and including the $60 million in "one-time" funding received since 2001-2002.

The decrease in the operating appropriation from 2010-2011 to 2011-2012 is mainly due to an increase of $2.8 million (from $11.9 million in 2010-2011 to $14.7 million in 2011-2012) in the Government funding reduction announced in Budget 2007.

The forecast takes into account the Budget Containment measures announced in the 2010 federal budget, which includes the provision that there will be no salary inflation funding from 2010-2011 through to 2012-2013. CBC/Radio-Canada normally receives funding for inflation on the salary portion of its expenditures, but not inflation on goods and services.

Advertising revenues are projected to be approximately $381 million in 2011-2012. CBC/Radio-Canada's television advertising revenue growth is expected to surpass industry forecasts and digital revenue, although small compared to television advertising revenue, is expected to grow strongly over the forecast period.

Programming expenditures are assumed to increase in proportion to the advertising revenue growth from year to year, in accordance with the new Strategic Plan, as long as funding levels remain stable.

The Corporation began implementing its five-year strategic plan, launched on February 1, 2011. *Everyone, Every way* responds to a rapidly evolving broadcast and media environment, demographic shifts, new technologies, platforms and content choices, all of which impact revenues, operating costs and capital requirements. The plan does not require additional government funding; we will fund the plan's core elements by finding $45 million in cost reductions and $10 million in new revenues. Our goal is to be more financially flexible and agile by 2015.

To continue to grow our self-generated revenues and increase operating efficiencies, *Everyone, Every way* commits us to:

- Balance the overall financial plan and enhance the level of service that we provide to Canadians, without abandoning our existing audiences
- Pursue revenue growth initiatives, cost improvements and resource redirections, and to examine our assets to extract as much value as possible
- Further trim operating costs. We have undertaken a corporate general and administrative cost review, and a review of our overall procurement spending for goods and services.
- Review our network production methods and use of technology to increase our efficiency
- Explore potential partnership opportunities
- Challenge our priorities in a rapidly evolving environment

Examples of our commitments include a continued move to integrated revenue management (exploring all options available to the Corporation to maximize revenues from its content), a more enterprise-wide approach to procurement and merchandising, and further development of online advertising capabilities as digital opportunities grow and are increasingly linked to traditional media transactions.

Material Risks to Financial Plan and Outlook

The forecast does not take into account the government-wide Deficit Reduction Action Plan (DRAP), formerly the Strategic Operating Review, announced in Budget 2011. The review of direct program spending has the objective of identifying ongoing annual savings of five per cent of the government's review base by 2014-2015. CBC/Radio-Canada was asked to prepare two proposals as part of this review: one to meet a five per cent reduction and the other a ten per cent reduction to operating appropriation. The outcome of the government review will be reported as part of the federal budget 2012.

Having developed a comprehensive financial plan, the Corporation is confident that it can achieve its objectives provided that it has stable long-term funding, including parliamentary appropriations, availability of the $60 million for Canadian programming received since 2001-2002, stable economic conditions, and continued access to the Local Programming Improvement Fund (LPIF) and the Canada Media Fund (CMF). Should there be a substantial reduction in these sources of funds, it would affect both our ability to deliver *Everyone, Every way* and could create working capital deficiencies, which would need to be managed.

Borrowing Plan

The *Broadcasting Act*, subsection 46.1, confers on CBC/Radio-Canada the authority to borrow up to $220 million, or such greater amount as may be authorized by Parliament, subject to the approval of the Minister of Finance. Section 54 (3.1) of the Act requires that the Corporation's borrowing plan be included in its corporate plan for the approval of the Minister of Finance.

When the Corporation sold long-term accounts receivable in 2009 as part of its Recovery Plan to address the impact of the global economic slowdown and stagnant advertising revenues, it provided a guarantee to the investors in order to obtain the best possible value for the sale. This guarantee was deemed to be borrowing. The outstanding amounts against the borrowing authority are as follows:

	(in thousands of dollars)
Total borrowing authority available	220,000
Authority used as at March 31, 2011:	
Guarantee on accounts receivable[1]	(193,811)
Authority used to date	0
Authority available in 2011-201[2]	26,189

1. Amount includes guarantees provided for the sale of receivables related to the Toronto Broadcast Centre land and a portion of the Stingray Digital Media Group receivable sale. Stingray purchased CBC/Radio-Canada's Galaxie pay audio service. The amount represents the minimum lease payments receivable including unearned interest.

2. The Corporation may, with the approval of the Minister of Finance, borrow up to the level of authority available.

Under the *Broadcasting Act*, subsection 47 (1), the Corporation is an agent of the Crown and as such, the Corporation's assets and liabilities are the assets and liabilities of the Government. On an annual basis, the Corporation obtains the approval of the Minister of Finance in principle to borrow money not exceeding the authority available. The Corporation also submits specific borrowing proposals as required to the Minister of Finance for approval.

8. Measuring Plan Performance

CBC/Radio-Canada's current performance indicator system allows it to measure annual performance results, performance against targets, and performance trends. Our performance this year against the targets set out in the 2010-2011 Corporate Plan are shown below:

CORPORATE

	PERFORMANCE INDICATORS	2010-2011 TARGETS	2010-2011 RESULTS
PEOPLE	CBC/Radio-Canada Usage by Visible Minorities (18+)	81%	80%
	Visible Minority Staff	565	570
	Commitment to Training and Development	$1,055 per employee	$1,154 per employee
PROGRAMS	**Canadian Content - CBC Television**		
	Broadcast Day	75%	85%
	Prime Time (Monday-Sunday, 7:00-11:00 p.m.)	80%	82%
	Canadian Content - Télévision de Radio-Canada		
	Broadcast Day	75%	82%
	Prime Time (Monday-Sunday, 7:00-11:00 p.m.)	80%	88%
	Canadian Content - CBC Radio		
	Broadcast Day	99%	99%
	Prime Time (Monday-Sunday, 6:00-9:00 a.m.)	100%	100%
	Canadian Content - Radio de Radio-Canada		
	Broadcast Day	99%	100%
	Prime Time (Monday-Sunday, 6:00-9:00 a.m.)	100%	100%
	Distinctiveness (Main Television & Radio Networks)	90%	92%
	Programs Produced in Regions for Regions	83,500 hours	95,500 hours
	Programs Produced in Regions for Network	8,300 hours	8,080 hours
	Expenditures on Cross-media Programming	$6.6 million	$6.1 million
	Satisfaction (Main Television & Radio Networks)	89%	89%
	Expenditures on Canadian Programming	93% of programming budget	93% of programming budget
	Programming Expenditures	82% of total budget	80% of total budget
PUSHING FORWARD	Self-generated Revenues	$88.6 million	110.4 million
	Revenue Generated from New Platforms	Increase of 40%	Increase of 88%
	Investment in New Platforms	Increase of 8%	Increase of 41%

FRENCH SERVICES	PERFORMANCE INDICATORS	2010-2011 TARGETS	2010-2011 RESULTS
RADIO SHARE (Fall BBM survey)	Combined	19.0%	19.5%
TELEVISION SHARE (2+ regular broadcast)	Télévision de Radio-Canada (prime time)	18.5%	19,9%
RADIO-CANADA.CA (Monthly Average Unique Visitors, CMT TV and Fall BBM)	Unique Visitors	1.8 million	2.0 million
REVENUES (conventional, specialty and online)	Total Revenue	$190.7 million	$205 million
SUBSCRIBER COUNT	RDI	10.8 million	11.0 million
COSTS	Total Costs	$588.9 million	$582.6 million

ENGLISH SERVICES	PERFORMANCE INDICATORS	2010-2011 TARGETS	2010-2011 RESULTS
RADIO SHARE (Fall BBM survey)	Combined	14.1%	14.7%
TELEVISION SHARE (2+ regular broadcast)	CBC Television (prime time)	8.7%	9,3%
	CBC News Network (all day)	1.0%	1.4%
NEW PLATFORMS (2+ CMT Broadcast Monthly Average Unique Visitors)	*CBC.ca*	5.6 million	5.8 million
	CBC News Online	3.9 million	4.0 million
	CBC Sports Online	1.1 million	0.9 milion
	CBC Entertainment Online	1.3 million	1.9 million
REVENUES (conventional, specialty and online)	Total revenue	$328 million	$367 million
SUBSCRIBER COUNT	CBC News Network	10.8 million	11.0 million
	bold	2.5 million	2.2 million
	Documentary	2.3 million	2.4 million
COSTS	Total Costs	$807 million	$ 820 million

A central feature of *Everyone, Every way* is the establishment of metrics with which we will track and assess our performance. Metrics have been developed for each of the guiding principles upon which our vision rests and will be applied to all the services we offer in English and French, as well as selected television genres. These metrics include a mix of output data (for example, hours of Canadian programming, usage of Canadian content) and perception data (for example, service/television genre is of high quality and service/television genres offer distinctive programming).

Twice a year, our Board of Directors will be presented with a Report Card that will allow it to monitor the Corporation's success in achieving its goals. This will tell them how well each service and genre is delivering against its mission, and at what cost, so that we can continuously improve our services for Canadians. A report will also be included in our Corporate Plan and Annual Report. We expect the first public version to be available in conjunction with our 2011-2012 Annual Report, at which time we will be able to compare our performance in year one of *Everyone, Every way*, 2011-2012 with benchmark data for 2010-2011.

These new metrics specifically developed for *Everyone, Every way* will be used in conjunction with the key performance indicators reported below which currently appear in our Annual Report.

This will provide greater accountability and effective tracking of results over time.

Performance Indicators – English Services

You will see below that regional service expansion is a major long-term initiative under the strategic plan, *Everyone, Every Way*. While this expansion begins in 2011–12, the first significant increase in service under this five-year strategy is slated for 2012–13, at which time we will anticipate a measurable audience effect. Until that time, some regional targets have been set to maintain performance for 2011–12.

Radio Networks		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Radio Share[2]	Radio One	11.1%	12.0%	12.2%
	Radio 2	3.0%	2.7%	2.7%
	Combined	14.1%	14.7%	14.9%

New Platforms / Website		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
New Platforms[3]	CBC.ca	5.6 million	5.8 million	6.0 million
	CBC News Online	3.9 million	4.0 million[4]	4.1 million
	CBC Sports Online	1.1 million	0.9 million	1.0 million
	CBC Entertainment Online	1.3 million	1.9 million	2.0 million

Television Audience Share	2010–2011 Targets	2010–2011 Results	2011–2012 Targets
CBC Television[5]	8.7%	9.3%	9.3%
CBC News Network[6]	1.0%	1.4%	1.5%

[2] 12+, Fall Survey.
[3] Source: comScore (2+ comScore Monthly Avg. Unique Visitors: September 2010 through March 2011).
[4] CBC News Online average excludes February 2011 due to a data collection error.
[5] Conventional Television (2+ Reg. Season Prime Time, weeks 4 to 31).
[6] 2+, Reg. Season All Day, weeks 1 to 31.

Regional Service[7]		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Radio Morning Shows (Mon–Fri)	Average Weekly Hours tuned, Regular season	N/A	4.8 million	4.8 million
TV Supper and Late-Night News (Mon–Fri)	Average Weekly Hours tuned, Regular Season	N/A	3.1 million	3.1 million
Regional Web Pages	2+ Monthly average unique visitors (Sept.–March)	N/A	0.90 million	0.93 million

Specialty Television Channels		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Subscriber Count	CBC News Network	10.8 million	11.0 million	11.1 million
	bold	2.5 million	2.2 million	2.6 million
	documentary	2.3 million	2.4 million	2.5 million

Financial Indicators: Revenue		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Revenue (Conventional, Specialty and Online)	Total Revenue excluding LPIF	$328 million	$367 million	See below[8]
	Total Revenue including LPIF	Redefined for 2011–2012		$373 million

[7] Radio and TV measured using personal people meters.

[8] Revenue includes Advertising, Specialty services (CBC News Network, **bold** and *documentary*) subscriber revenues and other miscellaneous revenues (LPIF excluded from 2010–2011 target but included for 2011–2012 target).

New Performance Indicators – French Services

Radio Networks		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Radio Share[9]	Première Chaîne and Espace musique, Combined Share[10]	19.0%	19.5%	19.5%

Website		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
radio-canada.ca, TOU.TV, bandeapart.fm, RCI.net	Unique Visitors[11]	1.8 million	2.0 million	2.1 million (+2.5%)

Television Audience Shares	2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Main Network Share [12]	18.5%	19.9%	19.3%
RDI Share[13]	N/A	2.9%	4.5% Combined
ARTV Share[14]	N/A	1.6%	

[9] 12+ Fall Survey.
[10] Source: BBM Canada (Survey Fall 2010, All Persons 12+).
[11] Source: comScore (Monthly Average, September to March, 2+, Hybrid).
[12] Source: BBM Canada (Fall/Winter Season, Prime Time, September 6, 2010 to April 3, 2011, All Persons 2+).
[13] Source: BBM Canada (Full Day, August 30, 2010 to April 3, 2011, All Persons 2+).
[14] Source: BBM Canada (Full Day, August 30, 2010 to April 3, 2011, All Persons 2+).

Regional Service[15]		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Radio	6–9 a.m. Franco Share (Diaries), 6–9 a.m. Mon.–Fri., BBM, Fall 2010	N/A	19%	19%
6 p.m. *Téléjournal*[16]	Average viewers per minute 6–6:30 p.m. Mon.–Fri.	N/A	317,000	323,000
Regional Web	Unique Visitors[17]	N/A	447,000	458,000 (+2.5%)

Specialty Television Channels		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Subscriber Count	RDI	10.8 million	11.0 million	11 million
	ARTV	N/A	2.1 million	2.1 million

Financial Indicators: Revenue		2010–2011 Targets	2010–2011 Results	2011–2012 Targets
Revenue (Conventional, Specialty and Online)	Total Revenue excluding LPIF	$191 million	$205 million	See below[18]
	Total Revenue including LPIF	Redefined for 2011–2012		$230 million

[15] Radio and TV measured using personal people meters.
[16] Source: BBM Canada (September 6, 2010, to April 3, 2011, Weekly Average).
[17] Source: comScore (Monthly Average, September to March, 2+, Hybrid).
[18] Revenue includes Advertising, Specialty services (RDI and ARTV) subscriber revenues and other miscellaneous revenues (LPIF excluded from 2010–2011 target but included for 2011–2012 target).

APPENDIX A – FINANCIAL OVERVIEW

FINANCIAL OVERVIEW [1]

	Actual 2010-2011	Projection 2011-2012	Projection 2012-2013	Projection 2013-2014	Projection 2014-2015	Projection 2015-2016
SOURCES OF INCOME						
Operating appropriation	971 581 [9]	968 047 [9]	967 284 [9]	966 453 [10]	965 579 [10]	965 579 [10]
Additional funding for programming initiatives [2]	60 000	60 000	60 000	60 000	60 000	60 000
Total Appropriation	**1 031 581**	**1 028 047**	**1 027 284**	**1 026 453**	**1 025 579**	**1 025 579**
Amortization of deferred capital funding [3]	124 357	128 844	129 380	131 676	134 606	137 298
Advertising	367 700	381 476	385 960	399 379	409 363	419 597
Other revenues [4]	282 247	269 972	263 374 [11]	263 675 [11]	269 701 [11]	276 444 [11]
TOTAL SOURCES OF INCOME	**1 805 885**	**1 808 339**	**1 805 998**	**1 821 183**	**1 839 249**	**1 858 918**
EXPENDITURES						
Television and radio services [4,5]	1 637 625	1 609 555	1 600 083	1 611 160	1 625 015	1 634 738
Transmission, distribution and collection	54 573	55 664	56 777	57 913	59 071	66 914
Corporate Management	12 804	13 060	13 321	13 587	13 859	14 136
Amortization of property and equipment [3]	130 543	133 154	135 817	138 533	141 304	144 130
TOTAL EXPENDITURES	**1 835 545**	**1 811 433**	**1 805 998**	**1 821 193**	**1 839 249**	**1 858 918**
NON-OPERATING ITEMS [7]						
Non-cash dilution gain from merger transaction		39 251				
Dividend income from merger transaction		5 094				
TOTAL NON-OPERATING ITEMS	**-**	**44 345**	**-**	**-**	**-**	**-**
NET POSITION [8]	**(29 660)**	**39 251**	**-**	**-**	**-**	**-**

[1] Results presented are in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and do not reflect changes to come from the conversion to International Financial Reporting Standards (IFRS) commencing in 2011-2012.

[2] Assumes that the "one-time" funding for programming initiatives ($60 million), received from government since 2001, will continue to be accessible to CBC/Radio-Canada.

[3] Parliamentary appropriations received for capital expenditures are recognised on the same basis and over the same period as the amortization of the capital assets purchased with the funds. The capital budget is discussed in more detail in Appendix B.

[4] Includes Specialty Services (CBC News Network, RDI and Bold) and other miscellaneous revenues. It also includes funding received from the Local Programming Improvement Fund (LPIF). The LPIF is a new fund established by the CRTC in October 2008 to support local television programming. The funds are distributed using monthly installments over the course of the broadcast year (September to August), starting in September 2009.

[5] Includes expenditures related to CBC/Radio-Canada's main services and Specialty Services (CBC News Network, RDI and Bold).

[6] Includes $60 million spending on programming initiatives.

[7] Reflects the impact of the merger between Sirius Canada Inc. and Canadian Satellite Radio (CSR) Holdings Inc. completed in June 2011. Prior to this transaction, CBC/Radio-Canada held 25.05 per cent equity interest in Sirius Canada Inc. Non-operating items reflect a non-cash dilution gain and a dividend income resulting from this transaction.

[8] Reflects the net results before other comprehensive income. The loss in 2010-2011 is consistent with the two-year Recovery Plan introduced by the Corporation following the economic downturn in 2009. Assumed a balance position (before non-cash dilution gain) for 2011-2012 and after.

[9] Reflects the salary inflation funding freeze announced by the Federal government in the 2010 Budget.

[10] Salary funding increase from Treasury Board has not yet been determined for fiscal years 2013-2014 to 2015-2016. It is assumed that salary funding received will be equal to actual increase in salary expenditures.

[11] Assumes the continuation of the Local Programming Improvement Fund after August 31, 2012.

APPENDIX B – Capital Budget

CBC/Radio-Canada is highly dependent on technology and technology-based assets in the production and delivery of its various services. In addition the Corporation owns and operates one of the world's largest broadcast transmission and distribution systems with 989 transmission sites located throughout Canada. The Corporation is also responsible for a real estate portfolio of more than four million square feet, including 27 buildings in locations across Canada. In total, the Corporation employs $2.6 billion (book value) of assets for its operations.

Accordingly, the majority of capital spending in any given year is used by CBC/Radio-Canada to maintain its assets, address obsolescence and undertake strategic projects. In all instances, the Corporation's capital spending plan supports the attainment of CBC/Radio-Canada priorities and strategic initiatives as outlined in its Corporate Plan submission.

Capital assets are essential to the production and delivery of CBC/Radio-Canada services. The Corporation is committed to ensuring that these assets are acquired, managed and eventually disposed of, in the most strategic and cost-effective manner possible. Achieving this goal in today's world of rapid technological change, shifting demographics and fast-evolving economic realities calls for new ideas and approaches. CBC/Radio-Canada challenges itself to continually apply fresh solutions to its capital asset challenges.

Capital Governance and Process

The management framework around capital investments is tightly integrated amongst three management committees:

- Capital Executive Team - Responsible for strategic planning and governance of the overall capital process.
- Technology Strategy Board - Responsible for the development and implementation of technology-based strategies.
- Capital Round Table - Responsible for the development, execution and management of an integrated corporation-wide project plan that responds to priorities within available resources.

CBC/Radio-Canada's capital process is based on the fundamentals of industry best practices for project management and project portfolio management. As part of this process, all projects are justified and approved, based on submission of a demonstrated business case. Tools and templates employed in the capital process follow industry best practices.

The volume and size of individual projects can vary from year-to-year. On average, there are some 300 projects in any single year, with nearly half of the projects running over two or more years. For projects where return on investment, net present value or payback analysis is required, these calculations are part of the justification and included in the business case. For other types of projects, the justification for investment is based on legal and regulatory requirements or mission-critical investments to maintain operations when assets have reached end-of-life and are at risk of failure.

The Corporation continually strives to improve its practices in the management of capital. In this respect, the Audit Committee of the Board requested that the Corporation conduct a review of our capital processes relative to industry best practices. The review concluded that overall, the

Corporation's processes were well aligned with best practices. Areas for further improvement were identified and recommendations were provided which Management has and continues to act upon.

Context for the Capital Investment Plan

The Corporation is in a period of converging pressures resulting from technological change and the need to replace core business assets and address aging infrastructure.

The largest current challenge results from the implementation of our 27 DTV transmitter plan to address the mandatory analog signal shut down in 51CRTC-designated mandatory markets. Due to funding constraints, the transition was originally planned to be completed by August 2013, only in English and French television markets in which CBC/Radio Canada originates signals. The CRTC however, confirmed in the fall of 2010 that analog signals in all 51 markets must be shut down by August 31, 2011. This has presented some challenges and the Corporation is striving to implement all of its 27 DTV transmitters by August 2011. Once completed, some $60 million will have been invested in transition to DTV signals. The sale of the surplus Brossard transmitter site approved by Treasury Board on November 4th, 2010, has partly reduced this amount; however, most of the $60 million investment will come from delaying various maintenance and asset-replacement projects in many parts of our operation. Over the next five years, more priority will need to be given to address the built-up demand for obsolescence projects.

At the same time, the assets employed in the production chain for radio and television are increasingly moving towards integrated solutions and computer and software based tools. These demand much faster refresh rates than traditional assets of less than a decade ago.

With a base capital budget that has remained unchanged since the 1990's, the Corporation has necessarily employed creative solutions to address funding challenges for priority capital investments. The means by which the Corporation has managed its capital pressures are outlined in the Capital Overview section on page 42.

Although in any given year there are approximately 300 projects in the capital plan, most projects (60 per cent) over the next five years fall below $500,000 in value. Projects greater than $1 million represent 17 per cent of the portfolio, with the remaining 23 per cent falling between $500,000 and $1 million.

The Corporation's capital investment plan is an integral part of our long-term strategy. While the majority of planned projects already support the strategy by ensuring that our production, distribution and other facilities are able to meet our operational requirements, annual updates will be necessary to accommodate new investments and unforeseen priorities that will be defined as the strategy is implemented over the next five years.

Five-year Capital Investment Plan and 2011-12 Capital Budget

Subsection 54(4) of the Broadcasting Act requires that CBC/Radio-Canada submit its capital budget to the Minister of Canadian Heritage in its Corporate Plan and that the capital budget for the upcoming year be submitted to the Treasury Board for approval.

Sources & Use of Funds
($000s)

	Prior Year	Budget	Forecast			
AVAILABLE CAPITAL FUNDING	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Base Capital Appropriation	92,331	92,331	92,331	92,331	92,331	92,331
Carry forward from previous fiscal year	3,805	0	0	0	0	0
Transfer from operating appropriation to fund the capital portion of the lease for the Canadian Broadcasting Centre in Toronto	9,233	9,941	10,704	11,525	12,409	13,361
Funding from self-generated revenue	28,497	9,505	19,627	18,615	13,391	16,086
Funding from sales of fixed assets	9,393	8,300	9,875	0	0	0
TOTAL AVAILABLE CAPITAL FUNDING	**143,259**	**120,077**	**132,537**	**122,471**	**118,131**	**121,778**
CAPITAL INVESTMENT PLAN	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**
Production Infrastructure	38,922	52,388	62,839	63,272	72,796	69,231
Television Services	27,640	42,024	48,020	50,412	56,666	52,981
Radio Services	3,368	5,119	8,834	6,800	10,245	10,365
Common Media Initiatives	7,080	1,957	3,175	1,100	625	1,125
English News Network	430	2,888	2,810	2,960	3,260	2,760
French News Network	404	400	0	2,000	2,000	2,000
Enterprise Systems & Technology Infrastructure	12,621	12,725	20,093	19,984	8,465	9,225
Presentation, Collection, Distribution & Delivery	43,117	17,176	17,023	10,830	10,110	12,867
Presentation, Collection, Distribution & Delivery – DTV	17,244	11,772	6,552	250	1,120	0
Property Management	25,012	22,556	20,595	22,700	20,205	25,020
Fleet and Minor Capital Purchases	6,343	3,460	5,435	5,435	5,435	5,435
TOTAL CAPITAL INVESTMENT PLAN	**143,259**	**120,077**	**132,537**	**122,471**	**118,131**	**121,778**

2010-11 Update

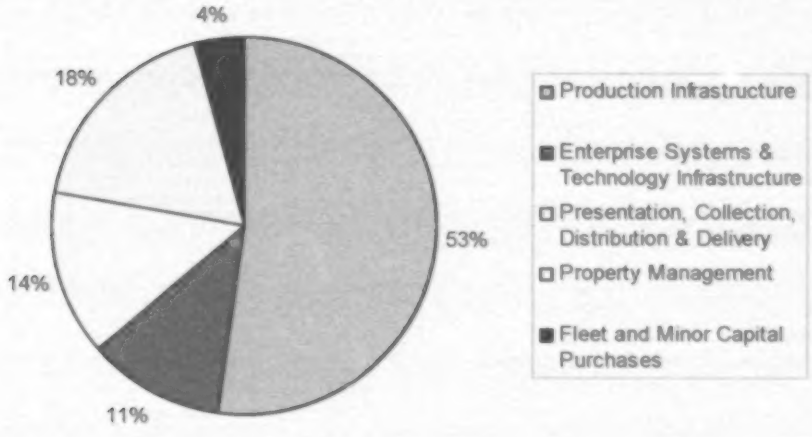
At its meeting on April 22, 2010, Treasury Board Ministers approved the 2010-2011 capital budget, which was presented at that time at $121.4 million.

Subsequently, events have occurred to increase the spend to $143.2 million. The $21.8 million increase is partly explained by the $3.8 million carry forward to complete projects commenced in 2009-2010. The remaining $18.0 million increase results from self-generated funding to advance the DTV transition and other priority investments.

2011-12 Budget

In 2011-2012, the total capital spending base is planned to be $120 million, inclusive of all funding sources but excluding carry forward of funds from 2010-2011, which cannot be estimated at this time.

5-Year Capital Investment Plan



APPENDIX C – CBC/Radio-Canada Mandate: Requirements of the *1991 Broadcasting Act*

Corporate Mandate

The Canadian Broadcasting Corporation/Société Radio-Canada ("CBC/Radio-Canada" or the "Corporation") was established by an Act of Parliament in 1936. The Corporation's current legislative mandate, corporate powers and governance mechanisms are set out in the 1991 *Broadcasting Act* (the *Act*). Each year, pursuant to section 54 of the *Act*, the Corporation must submit to the Minister of Canadian Heritage a Corporate Plan regarding the businesses and activities, including investments, of the Corporation and its subsidiaries, if any.

The Role of the Corporation in the Canadian Broadcasting System

Section 3 of the *Act* sets out the broadcasting policy for Canada and includes provisions specifically addressing the role of the Corporation in the Canadian broadcasting system. In particular, paragraphs 3(1)(l) and (m) state that:

(l) The Canadian Broadcasting Corporation, as the national public broadcaster, should provide radio and television services incorporating a wide range of programming that informs, enlightens and entertains;

(m) The programming provided by the Corporation should:

i. Be predominantly and distinctively Canadian;

ii. Reflect Canada and its regions to national and regional audiences, while serving the special needs of those regions;

iii. Actively contribute to the flow and exchange of cultural expression;

iv. Be in English and in French, reflecting the different needs and circumstances of each official language community, including the particular needs and circumstances of English and French linguistic minorities;

v. Strive to be of equivalent quality in English and French;

vi. Contribute to shared national consciousness and identity;

vii. Be made available throughout Canada by the most appropriate and efficient means and as resources become available for the purpose; and,

viii. Reflect the multicultural and multiracial nature of Canada.

In addition to this domestic mandate, CBC/Radio-Canada is also required by section 46(2) of the *Act* to provide an international service that must comply with license conditions and regulations issued by the Canadian Radio-television and Telecommunications Commission (CRTC), as well as any directions issued by the Governor in Council.

No other Canadian broadcaster — commercial or public — has the same breadth of mandate or the same scale or scope of operations as CBC/Radio-Canada.

Corporate Powers

Part III of the *Act* sets out the basic powers of the Corporation.

A central feature of the regime established by Part III is the arms-length relationship between CBC/Radio-Canada and the Government with respect to the Corporation's broadcasting activities. Section 35(2) specifically states that Part III "shall be interpreted and applied so as to protect and enhance the freedom of expression and the journalistic, creative and programming independence enjoyed by the Corporation in the pursuit of its objects and in the exercise of its powers." This requirement is repeated in section 46(5) (in the context of the Corporation's objects and powers) and again in section 52(1) (in the context of certain financial reporting provisions).

The head office of the Corporation is required by section 50(1) of the *Act* to be located in the National Capital Region. The powers of the Corporation are spelled out in section 46(1). Section 46(1) reiterates that CBC/Radio-Canada's mandate is to provide the programming contemplated by paragraphs 3(1)(l) and (m) and then identifies a list of powers, such as the ability to originate or purchase programs, enter into associated contracts, and acquire copyright and trademarks that have been granted to the Corporation so that it may achieve this purpose.

The Corporation is an agent of Her Majesty except in respect of the Corporation's international service and the Corporation's employees (section 47(1) of the *Act)*. As such, the Corporation may enter into contracts (47(2)) and acquire property (47(3)) in the name of Her Majesty (48(2)(a)), subject to a $4,000,000 limit with regard to the acquisition of real property or the disposition of real or personal property (other than program material or rights), as well as a $15,000,000 (modified by Governor in Council approval) (48(2)(b)) limit for the lease of real property. Transactions involving greater amounts require the approval of the Governor in Council.

Pursuant to section 46.1 of the *Act*, CBC/Radio-Canada may borrow money, with the approval of the Minister of Finance, up to a limit of $220,000,000, or any greater amount authorised by Parliament.

Regulatory Requirements

In the establishment and operation of its broadcasting activities, CBC/Radio-Canada must comply with the licensing and other regulatory requirements established by the CRTC under the *Act*, as well as any requirements under the *Radiocommunication Act* that apply to the Corporation's use of radiocommunication spectrum.

Given the special role of CBC/Radio-Canada in the Canadian broadcasting system, the *Broadcasting Act* limits the CRTC's regulatory authority over the Corporation.

Section 23(1) of the *Act* requires the CRTC to consult with CBC/Radio-Canada, if CBC/Radio-Canada requests this, about proposed license conditions for the Corporation. If the Corporation believes these license conditions will unreasonably impede its ability to fulfill its mandate under the *Act*, it can refer the matter to the Minister of Canadian Heritage (23(2)). The Minister may then issue a directive to the CRTC regarding the disputed license condition.

Pursuant to section 24(2) of the *Act*, none of CBC/Radio-Canada's "core" licenses (i.e., conventional television and radio station licenses) may be revoked or suspended without CBC/Radio-Canada's consent. If the CRTC determines that the Corporation has breached a condition of license, the CRTC must forward a report to the Minister of Canadian Heritage and the Minister must present the report to Parliament (25).

The Corporation's other broadcasting activities (e.g., specialty television and pay audio services) are subject to the same regulatory regime as for other industry participants. However, pursuant to section 26(1)(b) of the *Act*, the Governor in Council may direct the CRTC to reserve channels or frequencies for CBC/Radio-Canada.

CBC/Radio-Canada's main broadcasting licenses have been administratively renewed by the CRTC to August 31, 2012. On July 8, 2011, the CRTC announced that it was postponing until June 4, 2012, the license renewal hearing of CBC Radio-Canada.

Governance

As indicated above, Part III of the *Act* establishes the governance mechanisms for the Corporation. Pursuant to section 36 of the *Act*, CBC/Radio-Canada has a Board of Directors comprising 12 Directors, including the Chair and the President and CEO, all of whom are appointed by the Governor in Council. Directors are appointed for a term of up to five years. The Chair and the President and CEO may be re-appointed any number of times, but all other Directors are limited to two consecutive terms, unless the third term is as Chair or President and CEO.

The Board of Directors is responsible for the management of the businesses, activities and other affairs of the Corporation which, pursuant to section 40 of the *Act*, is accountable to Parliament through the Minister of Canadian Heritage.

Pursuant to section 45 of the *Act*, the Board must establish two standing committees, one in regard to English-language broadcasting and another in regard to French-language broadcasting. Section 148.1 of the *Financial Administration Act* (*FAA*) requires the Board to establish an audit committee of not less than three Directors.

The Corporate Plan, which the Corporation is required to file with Government pursuant to section 54 of the *Act*, must include a statement of the Corporation's objectives for the next five years and its strategy for achieving those objectives, the Capital Budget and the operating budget for the next financial year and any borrowing plans for that year. The Capital Budget is subject to the approval of Treasury Board and borrowing plans are subject to the approval of the Minister of Finance.

Pursuant to section 55 of the *Act*, the Corporation must also submit to the Minister of Canadian Heritage a summary of the Corporate Plan modified to reflect the financial resources proposed to be allocated to CBC/Radio-Canada by Parliament. The Minister must present this summary to Parliament.

Section 131 of the *FAA* requires the Corporation to maintain satisfactory books of accounts, while section 132 requires that the Corporation have internal audits conducted. The Corporation must provide the Minister of Canadian Heritage with such reports of its financial affairs as the Minister may require. The *Act* at section 52(2) states that the Corporation is not required to provide information which could compromise or limit the journalistic, creative or programming independence of the Corporation, to Treasury Board or the Ministers of Canadian Heritage or Finance.

The Auditor General of Canada is the auditor of the Corporation (section 61 of the *Act*). Pursuant to section 132 of the *FAA*, the Corporation must have an annual auditor's report prepared, addressed to the Minister of Canadian Heritage. Sections 138 to 142 of the *FAA* require the Corporation to have a special examination of its systems and practices at least once every 10 years. The auditor's report of this special examination must be submitted to the Board

of Directors. If considered necessary by the auditor, after consultation with the Board, the auditor shall bring any relevant information to the attention of the Minister of Canadian Heritage.

Pursuant to section 71 of the *Act*, the Corporation must, within three months after the end of its financial year, provide an Annual Report to the Minister of Canadian Heritage and to the President of the Treasury Board. The Minister must present the Annual Report to Parliament within 15 sitting days.

Finally, in addition to those governance mechanisms set out in the *Act*, CBC/Radio-Canada established a Corporate Policy on Disclosure of Wrongdoings (the "Whistleblower Policy") in 2004, and amended it in 2007 to comply with the requirements of the *Public Servants Disclosure Protection Act* (proclaimed in force April 15, 2007).

The Corporation also has an extensive Code of Journalistic Standards and Practices. Complaints from the public that are not resolved at the program level are referred to one of the Corporation's two independent Ombudsmen.

With the passage of the *Federal Accountability Act*, CBC/Radio-Canada became subject (on September 1, 2007) to the provisions of the *Access to Information Act* and the *Privacy Act*.

The *Access to Information Act* (*ATIA*) gives the public a right of access to all records held by the Federal Government, Crown Corporations and other Government institutions subject to the *Act*; it also sets out exceptions to that right. In the case of CBC/Radio-Canada, the *ATIA* provides specifically that it does not apply to information that relates to CBC/Radio-Canada's journalistic, creative or programming activities.

Managerial and Organisational Structure

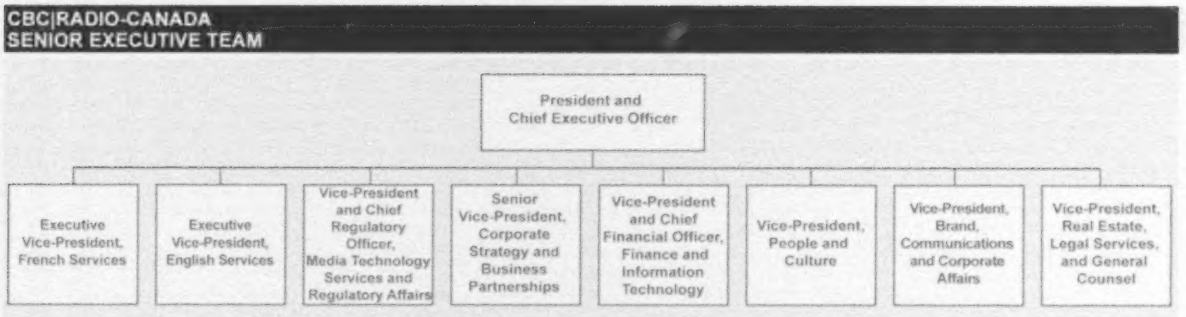
CBC/Radio-Canada's head office is located in Ottawa, with two main network offices in Toronto and Montréal and 27 regional offices across the country in such major cities as Halifax, Québec City, Calgary, and Vancouver.

The Corporation's organisational structure reflects its broadcasting and related activities, as well as its infrastructure and administrative requirements. There are eight divisions within the Corporation:

1. French Services (Télévision de Radio-Canada, Radio de Radio-Canada and New Media)
2. English Services (CBC Television, CBC Radio and New Media)
3. Media Technology Services and Regulatory Affairs
4. Corporate Strategy and Business Partnerships
5. Finance and Information Technology
6. People and Culture
7. Brand, Communications and Corporate Affairs
8. Real Estate, Legal Services and General Counsel

CBC/Radio-Canada

Senior Executive Team


CBC|RADIO-CANADA
SENIOR EXECUTIVE TEAM
President and Chief Executive Officer
Executive Vice-President, French Services
Executive Vice-President, English Services
Vice-President and Chief Regulatory Officer, Media Technology Services and Regulatory Affairs
Senior Vice-President, Corporate Strategy and Business Partnerships
Vice-President and Chief Financial Officer, Finance and Information Technology
Vice-President, People and Culture
Vice-President, Brand, Communications and Corporate Affairs
Vice-President, Real Estate, Legal Services, and General Counsel

These eight divisions report to the President and CEO through their respective divisional heads. The first two divisions (French Services and English Services) are responsible for the programming activities of the Corporation. The remaining divisions assist the main broadcasting activities through management of support functions: people and culture, finance, legal, real estate, regulatory requirements, strategy and business partnerships, and communications. All divisions continually assess best practices to ensure that the maximum amount of the Corporation's overall funding is available for broadcasting activities.

The Senior Executive Team (SET) of the Corporation includes the President and CEO and the eight divisional heads.